

PITMAN'S
BUSINESS MAN'S ENCYCLOPAEDIA
AND
DICTIONARY OF COMMERCE

PITMAN'S BUSINESS MAN'S ENCYCLOPAEDIA AND DICTIONARY OF COMMERCE

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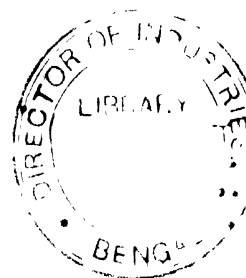
ASSISTED BY UPWARDS OF FIFTY SPECIALISTS AS CONTRIBUTORS
WITH NUMEROUS MAPS, ILLUSTRATIONS, FACSIMILE
BUSINESS FORMS AND LEGAL DOCUMENTS, DIAGRAMS, ETC.

SECOND AND REVISED EDITION



In Four Volumes

VOLUME I



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PREFACE

THIS ENCYCLOPAEDIA has been compiled with the object of providing, in compact form, the means of obtaining full and accurate information, with the minimum amount of trouble, upon any subject which can be legitimately claimed to fall within the sphere of a business man's life. Written entirely from that point of view, an Encyclopaedia such as the present must appeal with peculiar force to various classes of the community. In the first place, the work cannot fail to be of the greatest utility to the busy merchant, who may turn to its pages on any occasion with the utmost confidence and glean from them everything which ought to be at the disposition of any person who is not a specialist in any particular subject. Secondly, the work will be found invaluable to the commercial student, who requires some reliable source from which he may amplify the more elementary knowledge which he has gained in various branches of study from ordinary text-books. And thirdly, the work will be of incalculable advantage to the anxious and intelligent business man, whether principal or subordinate, who is often in doubt as to matters in general, and who needs a safe and trustworthy Guide to help him out of his present difficulties and to assist him in advancing his business capabilities and in enhancing his prospects of commercial success.

The Encyclopaedia is the outcome of the labours of a body of more than fifty specialists as contributors, combined under a General Editor. Each contributor is an expert, and he has made an exhaustive study of the subject with which he deals. No more reliable or up-to-date method could have been adopted in the compilation of an Encyclopaedia of this character. The arrangement in alphabetical order will lead to the utmost facility of reference, and by a carefully arranged series of cross references, the work will be found to be complete in every detail touching each subject treated.

The title BUSINESS MAN'S ENCYCLOPAEDIA clearly indicates that business matters alone are dealt with in its pages, and all such cognate subjects as history, science, etc., are touched upon only where they are necessary for the elucidation of the text, but always with sufficient fullness for the purposes in view. The greatest care has been taken to exclude all irrelevant matter, and in order to render the whole work quite comprehensive, the various articles have been compressed into the least possible space consistent with perfect lucidity.

PITMAN'S ENCYCLOPAEDIA covers the whole range of commercial affairs. Every matter connected with the establishment or the purchase of a business, its financing, its management, and its ordinary routine is given with the utmost care as to its nicest minutiae. Again, not only are all the details connected with ACCOUNTANCY, BOOK-KEEPING, and OFFICE ORGANISATION dealt with in every particular, but a special attention has been devoted to every device which is calculated to add to the efficiency of the conduct of business. For example, there are full and comprehensive articles upon such subjects as SHORTHAND, TYPEWRITING, TIME-SAVING MACHINES, and OFFICE APPLIANCES generally, in fact, everything which can in any way render the business man more effective and successful in his labours.

In the province of **BANKING**, it will be found that the various articles dealing with this branch of business cover the ground with a completeness not often found even in treatises which are specially devoted to the subject. The practical side of Banking has been kept in view throughout. **Foreign Moneys** and **Foreign Weights and Measures** are given with a fullness which must be of the greatest assistance to those traders who have dealings with different parts of the world.

The articles on **COMMERCIAL LAW** (including **BANKRUPTCY** and **BILLS OF SALE**), **COMPANY LAW**, **INSURANCE**, **SHIPPING**, etc., have been written by persons who are acknowledged authorities on the various subjects, and not only are the general propositions of law stated with accuracy and fullness, but all the latest decisions have been incorporated. The same is the case as regards the **STOCK EXCHANGE**, the greatest attention having been paid both to the law and to the practice connected with this great Institution.

As a knowledge of **POLITICAL ECONOMY** is a part of the necessary equipment of every business man, articles upon this subject have been specially written by an eminent authority, touching upon all those particular branches which are peculiarly related to the ordinary routine of Commerce.

The subject of **COMMERCIAL GEOGRAPHY** has been very fully treated. The aim throughout has been to supply an adequate knowledge of every country of the world from a purely commercial point of view. For this reason, also, a very full list of commercial products will be found throughout the Encyclopaedia—what they are and whence they are obtainable. A plentiful supply of maps will serve to elucidate the text, whilst under distinct heads will be found full information as to the railways and the shipping of the world, trade routes, etc. Diagrams also serve to make this part of the work more complete.

For completeness and accuracy it is claimed that this work is one which is not of mere ephemeral utility, but is one of permanent value; and the Encyclopaedia forms not only an invaluable book of reference in the business house, but an inexhaustible mine of knowledge to every person who is interested in commerce and commercial education.

THE FOLLOWING ARE INCLUDED IN THE IMPORTANT ARTICLES WHICH APPEAR IN THIS VOLUME

- | | | |
|---------------------------------|---|--|
| Abandonment of Cargo | Bail | Cables and Cablegrams |
| Acceptance | Bailment | Canada |
| Accord and Satisfaction | Balance of Trade | Capacity of Parties to Bills of Exchange |
| Account Current | Balance Sheet, How to read a | Cape Colony |
| Accounts Profit and Loss | Bahamas | Capital |
| Act of Bankruptcy | Bariff | Card Indexing |
| Action | Bakehouses, Law as to | Card Ledgers |
| Ademption | Balance Sheet | Carriage of Animals |
| Administration of Assets | Balance Sheets, Forms of | Carriers |
| Administrator | Bank Books in Evidence | Carrying Over |
| Admiralty Court | Banker's Opinion | Certificates of Origin |
| Adulteration | Bank Notes, Convertible and Inconvertible | Chairman |
| Advancements to Children | Bank Return | Chambers of Commerce |
| Advances, Bankers' | Barbadoes | Charter-Party |
| Advertising | Barter | Chemists and Druggists |
| Affidavit | Basutoland | Cheques |
| Affreightment | Bearer Securities | China |
| Africa | Bill Broker | Cinematograph Shows |
| Agency | Bill of Sale of Ship | Circular Letter of Credit |
| Agenda | Balancing Books | Civil Service |
| Agreement | Bank Charter Act, 1844 | Clearance of Vessels |
| Agricultural Holdings Act | Banking Account | Clearing House |
| Agricultural Labourers | Bank of England | Clubs |
| Alkali and Sulphuric Acid Works | Bankruptcy Petition | Codes |
| Allotment of Shares | Barratry | Coinage |
| Allotments | Bearer Bonds | Collectivism |
| Alteration of Bills and Cheques | Belgium | Collision |
| Amendments | Bill of Exchange | Commencement of Business |
| America | Bills of Sale | Commerce |
| American Securities | Baluchistan | Commercial Correspondence |
| Annual General Meetings | Banker and Customer | Commercial Crises |
| Annual Summary | Bank Notes | Commercial Education |
| Annuity | Bank Rate | Commercial Handwriting |
| Appeal | Bankrupt, Who may be made | Commercial Treaties |
| Apportionment | Barrister | Commission Agents |
| Apprentices | Bearer Cheque | Committees and Committee Meetings |
| Arabia | Beneficial Owner | Common Lodging Houses |
| Arbitrage | Bill of Lading | Companies |
| Arbitration | Bimetallism | Compensation |
| Argentina | Births and Deaths, Registration | Compound Interest |
| Articles of Association | Blank Transfer | Compulsory Winding-up |
| Artisans' Dwellings | Bleaching and Dyeing | Conditional Indorsement |
| Asia | Board Meetings | Conditions of Sale |
| Assault | Board of Trade Returns | Conduct of Meetings |
| Assembly, Public | Board of Trade, Functions of | Conflict of Laws |
| Assets | Bond | Consideration |
| Assignment | Borrowing Powers of Local Authorities | Consols |
| Assizes | Borough Councils | Constructive Total L. |
| Attachment of Debt | Book-keeping | Contango |
| Attestation | Branch Accounts | Contempt of Court |
| Attorney, Power of | Bribery | Contraband |
| Auctioneers | Brazil | Contracts |
| Audits and Auditors | Building Contract | Contrabutors |
| Auditors of Joint Stock Co | Building Societies | Convertible Securities |
| Australia | Bulls and Bears | Conveyancing |
| Austria-Hungary | Burglary Insurance | Copyhold |
| Average Due Date | Business, How to Buy | Copyright |
| Average, General | | |
| Backwardation | | |

LIST OF MAPS, INSETS, AND ILLUSTRATIONS.

COLOURED MAPS

THE WORLD	BRAZIL	BELGIUM
NORTH AMERICA	SOUTH AFRICA	CANADA
ASIA	AFRICA	CENTRAL AMERICA
AUSTRIA AND HUNGARY	SOUTH AMERICA	CHINA
	AUSTRALIA	

PRODUCT MAPS, ETC.

AFRICA	WORLD, SHOWING COCOA-	CHINA
SOUTH AMERICA	PRODUCING COUNTRIES	ASIA
AUSTRALIA	BRAZIL	AUSTRIA AND HUNGARY
WORLD, SHOWING COFFEE-	SOUTH AFRICA	CANADA
PRODUCING COUNTRIES	NORTH AMERICA	CANALS OF ENGLAND

MAPS IN TEXT

ABYSSINIA	ARGENTINA	CEYLON
AFGHANISTAN	BOLIVIA	COLOMBIA
ARABIA	BORNIO	CONGO

INSETS

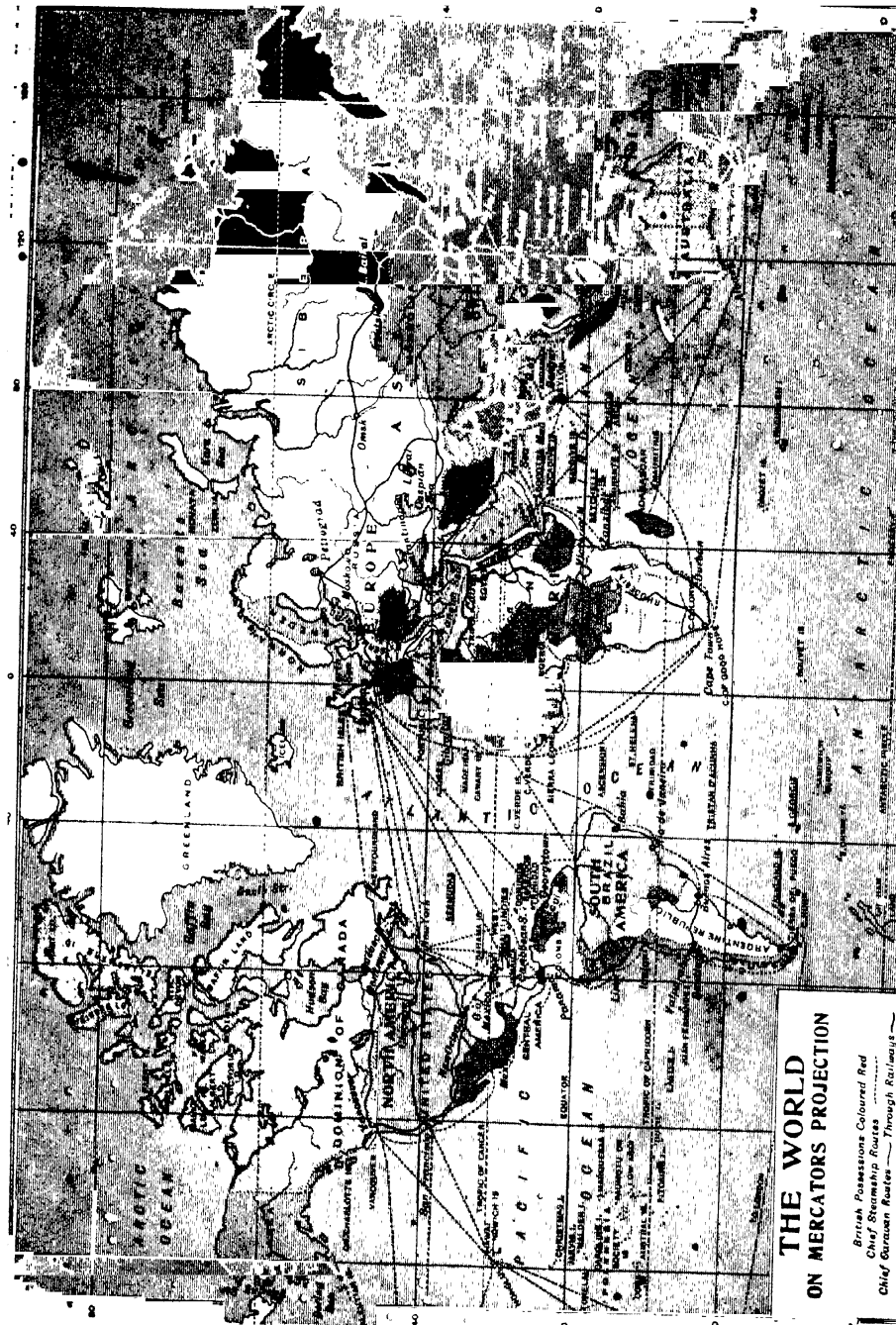
FACSIMILE AFFIDAVIT	FACSIMILE AGREEMENT
FORM OF RETURN OF ALLOTMENTS	FORM E (COMPANIES' ANNUAL RETURN)
DIAGRAM OF PROGRESS OF AMERICAN TRADE	APPRENTICE'S INDENTURE
FACSIMILE OF ASSIGNMENT OF JUDGMENT	FACSIMILE OF BUILDING CONTRACT
DEBT	FACSIMILE OF BANKRUPTCY NOTICE
FACSIMILE OF BANKRUPTCY PETITION	FACSIMILE OF CONDITIONAL BILL OF SALE
FACSIMILE AFFIDAVIT ON REGISTRATION OF	FACSIMILE OF BOND
CONDITIONAL BILL OF SALE	FACSIMILE OF CHARTER PARTY

ILLUSTRATIONS

ADDING MACHINE	ADDRESSING MACHINE
CHEQUE PROTECTOR	SPECIMEN ADVERTISEMENTS
CHEQUE WRITER	

BESIDES NUMEROUS FORMS, RULINGS, ETC., PRINTED IN WITH THE TEXT







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A1]

The letter **A** is used in several contractions of words which occur in business. The principal of these are the following—

@	At.
A/C,	Account.
A/C,	Account current.
A/D,	After date
A/o,	Account of.
Acce.,	Acceptance.
A/S,	After sight
A/s,	Account sales
Agt.,	Agreement
Assgt.	Assignment
Ats,	At the suit of
Avoir.,	Avoirdupois

A1.—The mark **A1** is employed in Lloyd's Register of Shipping to denote those vessels which are classed as being of the best character and build. The letter **A** is indicative of the nature of the hull, and the number **1** signifies that the stores, anchors, cables, etc., of the vessel are in a thoroughly efficient state. A new ship is generally registered as being of Class **A** for a period varying from four to fifteen years; and at the expiration of that period the registration may be renewed on condition that the seaworthy character of the vessel has been maintained by the carrying out of all necessary repairs. In order that the continued first-class condition of the vessel may be ascertained, periodical surveys are made and duly reported.

The character **A1** is so well known that the mark is not infrequently applied to goods, etc., to denote that they are of the very best quality.

ABACA.—Also known as Manilla hemp. It is the name given to a woody fibre obtained from a non-edible banana found chiefly in the Philippine Islands. Its uses are numerous, the coarser qualities being employed in the manufacture of sailcloth, cables, and marine cordage in general, while the finer grades produce delicate muslins.

ABANDONMENT OF ACTION.—When an action at law has been commenced, it is always open to the plaintiff to abandon his claim after the defence (*q.v.*) has been delivered and no reply (*q.v.*) has been put in without any leave being granted by the court. The notice of abandonment must be in writing. If, then, he pays the costs of the abortive action—for which, in any case, he is liable—he may commence another action against the same party as in the first instance. That is the usual course to adopt when it is clear that the defence is a complete

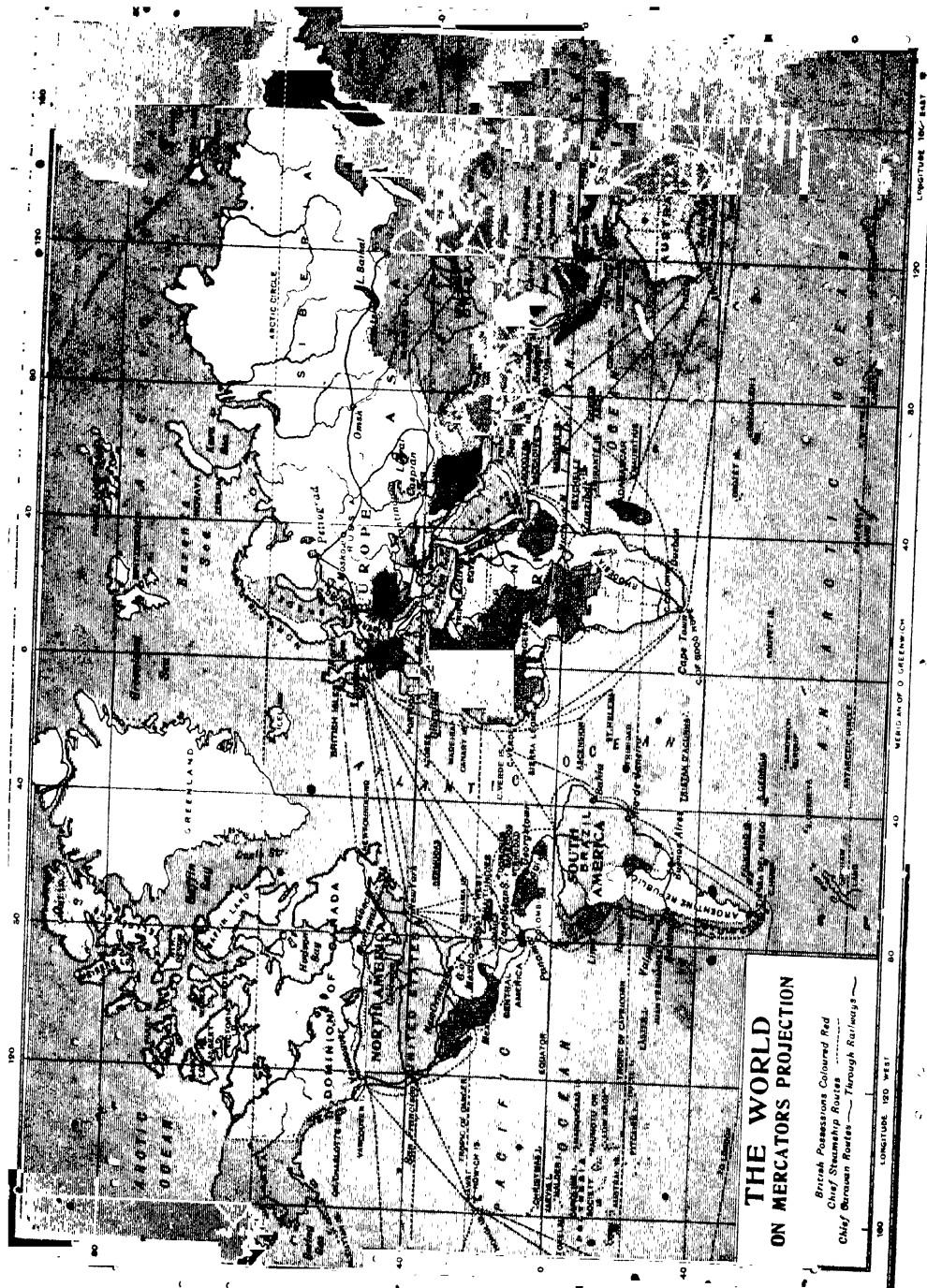
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[ABA

answer to the original claim, and when the plaintiff is satisfied in his own mind that he can frame his case in another and more successful manner. If, however, a reply has been delivered, the action cannot be discontinued without the leave of the court, and this leave will only be granted upon special terms. Sometimes the plaintiff will then be forbidden to institute any other action against the same defendant upon the same subject-matter. Special circumstances, however, will prevent this extreme course being adopted. The technical name for abandoning an action is "discontinuance."

Just as a plaintiff can discontinue, a defendant can also abandon his defence or his counterclaim (*q.v.*), but in no case will the defendant be allowed to discontinue without the special leave of the court, and this leave will only be granted upon terms, generally the payment of the costs incurred. (See **ACTION**.)

ABANDONMENT OF CARGO.—Goods at sea are totally lost if destroyed by a peril insured against; or if injured to such an extent and in such a way as to make them of little or no value for the purpose for which they were intended, or if the voyage upon which the insurance on the goods is made is entirely broken up; but if the voyage is broken up merely for the season, as where the vessel at an intermediate port requires extensive repairs, or where the ship is lost but the goods are saved, and a delay of months ensues while waiting for means of forwarding them, the insured cannot abandon. As there may be a total loss of the cargo, but not of the ship, so there may be a total loss of the ship and not of the cargo. For if the vessel is wrecked, or otherwise taken from the possession of the master, and it is in his power to take the cargo from the ship and send it forward to the place to which it was originally shipped, it is his duty to do so. It is the duty of the master to tranship the goods, or send them on, even by land carriage, if he can reasonably do so; if he fails to do this and a total loss ensues, this is a loss by the misconduct of the master, and if the insurers have insured against that, they are answerable. But the shipper has a right to look to the owner for compensation for damage sustained by the wrong-doing of the master, and this right or claim passes to the insurers by abandonment. Generally, if the master could have transhipped the goods, and did not, the shipper cannot abandon as for a total loss. And if a part only is saved in a condition to be transhipped, or forwarded, whether it will be the duty of the master to do so must depend upon the





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quantity and value of what is saved, and the facilities for forwarding it, and the probability of its perishing or greatly deteriorating on the way; as he would not be bound to discharge this duty when it was of no practical benefit, or would be to the detriment of the parties concerned. As the goods may be abandoned as for a total loss, if the voyage is broken up, so, if there are many shipments for several ports, and the ship is prevented, by a peril insured against, from landing a certain shipment at a certain port, that shipment may be abandoned, although the vessel goes on and reaches the other ports and delivers the cargo in safety. If the goods insured remain in specie, but so injured that they cannot be carried with safety, or with any hope of their arriving in a merchantable condition, at their destined port, it is the duty of the master, as well as his right, to do the best he can with them at any intermediate port. If they are of any value, he should obtain this by a sale, and then the shippers may claim for a total loss, transferring the proceeds by abandonment. This rule would apply, whatever be the cause of the injury, as a leak, or submersion, or a sudden shock by striking a shoal or rock, if this peril is insured against. But if the goods perish by natural decay or intrinsic defect, this is, of course, not at the risk of the insurers. If goods are jettisoned, the shipper may demand contribution from the interests saved by the sacrifices, and then claim the balance, or he may, at his own discretion, demand from the insurers for the whole loss, and transfer to them by abandonment his claims for contribution.

The legal position, when a loss has occurred which can be treated as a constructive total loss, is thus set out in Sections 61 and 62 of the Marine Insurance Act, 1906—

"Where there is a constructive total loss, the assured may either treat the loss as a partial loss, or abandon the subject-matter insured to the insurer and treat the loss as if it were an actual loss.

"Subject to the provisions of this section, where the assured elects to abandon the subject-matter insured to the insurer, he must give notice of abandonment. If he fails to do so, the loss can only be treated as a partial loss. Notice of abandonment may be given in writing, or by word of mouth, or partly in writing and partly by word of mouth, and may be given in any terms which indicate the intention of the assured to abandon his insured interest in the subject-matter insured, unconditionally to the insurer. Notice of abandonment must be given with reasonable diligence after the receipt of reliable information of the loss, but where information is of a doubtful character the assured is entitled to a reasonable time to make inquiry. Where notice of abandonment is properly given, the rights of the assured are not prejudiced by the fact that the insurer refuses to accept the abandonment. The acceptances of an abandonment may be either express or implied from the conduct of the insurer. The mere silence of the insurer after notice is not an acceptance. When notice of abandonment is accepted, the abandonment is irrevocable. The acceptance of the notice conclusively admits liability for the loss and the sufficiency of the notice. Notice of abandonment is unnecessary where, at the time when the assured receives information of the loss, there would be no possibility of benefit to the insurer

if notice were given to him. Notice of abandonment may be waived by the insurer. Where an insurer has reinsured his risk, no notice of abandonment need be given by him."

The assured has *prima facie* a right to give notice of abandonment on receiving intelligence of marine casualties, which, though they do not involve the absolute destruction or irretrievable loss of the thing insured, yet render its destruction highly probable or its ultimate recovery doubtful. No amount of damages, however great, which does not threaten the entire destruction of the thing insured, and no amount of difficulty in regaining possession of it, which does not involve an absolute temporary privation of ownership, or alienation of property, can make a case of constructive total loss (*q.v.*).

ABANDONMENT OF DOMICIL.—(See DOMICIL.)

ABANDONMENT OF EXCESS.—(See COUNTY COURT.)

ABANDONMENT OF SECURITY.—This is a term generally used in bankruptcy, when a secured creditor (*q.v.*) elects not to rely upon his security, but chooses to prove for his debt in the bankruptcy proceedings. (See BANKRUPTCY, SECURITY.)

ABATEMENT OF LEGACIES.—(See LEGACY.)

ABATEMENT OF NUISANCES.—(See NUISANCE.)

ABBREVIATIONS, STOCK EXCHANGE.—(See STOCK EXCHANGE ABBREVIATIONS.)

ABETTERS.—The person who actually commits an offence punishable by law is a principal in the first degree, whilst any other person who aids, abets, counsels, or procures the commission of an offence is also liable to punishment as a principal in the second degree. Such a person is frequently known as an aider or abettor. It is not necessary that the abettor should be actually present when the offence is committed, it is quite sufficient if he is near enough at hand to lend assistance to the principal in the first degree if required to do so. An abettor may be punished even though the principal has not been convicted. (See ACCESSORIES, ACCOMPLICES.)

ABETINE.—The resinous product of a Californian tree known as *Pinus sahiana*. It is obtained by distillation, and is frequently used instead of benzine for the removal of grease spots.

ABOVE PAR.—When the market price of bonds, stocks, or shares is above the nominal or face value of the same, the bonds, stocks, or shares are said to be "above par," or "at a premium." The word "par" is a Latin word, meaning "equal." (See PAR.)

ABRASION OF COIN.—The word "abrasion" signifies rubbing, and the term "abrasion of coin" means the rubbing of coins by passing from hand to hand, or by being brought into contact with each other, so as to cause a loss in their weight, and to reduce them to such an extent that they are no longer legal tender. Thus, an English sovereign must not be issued by the Master of the Mint if it weighs less than 123.27447 grams, or more than 123.47447 grams. There is thus a remedy (*q.v.*) allowance of .2 grams. If the coin is reduced in weight below 122.5 grams it is not legal tender. By law a person who has such a coin handed to him ought to cut it or deface it, and the person who offers it will have to bear the loss, for the mutilated coin has no more than its bullion value. In practice, however, the mutilation rarely takes place except at the Bank of England and certain Government offices.

•ABSINTHE.—A green coloured liquor obtained by steeping the leaves and flowering tops of various aromatics in alcohol. This process is followed by distillation. The most essential and at the same time the most harmful ingredient is oil of wormwood. Absinthe was first used medicinally in cases of fever, but has now become a common beverage on the Continent, especially in France and Switzerland, where it is made. A small quantity produces intoxication, and its naturally deleterious effects are aggravated by the common practice of adulteration by means of artificial colouring matter, blue vitriol (copper sulphate), etc., being frequently used for this purpose. Couvet, in Neuchâtel, and Pontarlier, a French town near it, are the principal manufacturing centres, and it is now also made in the United States, which country continues, however, to import large quantities.

ABSOLUTE BILL OF SALE.—(See **BILLS OF SALE**.)

ABSOLUTE TITLE.—Land may be registered under the Land Transfer Acts with absolute title, that is, the Land Registry examines the proprietor's title and confers upon him an absolute right to the property in question, guaranteed by the Government against all the world. (See **LAND REGISTRY**.)

ABSTRACT OF TITLE.—This is a document which sets out the evidence of the ownership of anything. The term is most generally applied to the historical outline which details in chronological order the dates, the nature, and the material parts of the deeds, wills, settlements, etc., which affect the title of a person to property in land. It is from an inspection of this document that a possible purchaser or a prospective mortgagee is able more readily to learn the title of the vendor or the mortgagor to transfer his legal right in the property proposed to be dealt with. The commencing deed referred to in the Abstract is called the "root of title." The purchaser of freehold property has the right to require an abstract tracing the title for the preceding forty years, or longer, if necessary, in order to obtain a satisfactory commencement. It may, however, be agreed between the vendor and the purchaser to accept a shorter title than forty years, and one of twenty years is often taken as sufficient.

ABUSE OF DISTRESS.—(See **DISTRESS**.)

•ABUSE OF PROCESS.—The courts of law are open to all persons who allege that they have a cause or causes of action against any other person or persons. This freedom is sometimes likely to lead to abuse. Consequently, it is provided by the Rules of the Supreme Court (*q.v.*) that where the plaintiff or the defendant does not show a reasonable cause of action or a reasonable defence by the pleadings (*q.v.*), the case will be struck out. Also, by the Vexatious Actions Act, 1896, where a person has habitually and persistently instituted vexatious proceedings without any reasonable ground for doing so, the Attorney-General may apply for an order under the Act to the High Court to restrain the person from instituting any further action or actions without the leave of the High Court or some judge thereof. The powers granted under this Act will only be exercised in very extreme cases. The Vexatious Actions Act does not apply to Scotland or Ireland.

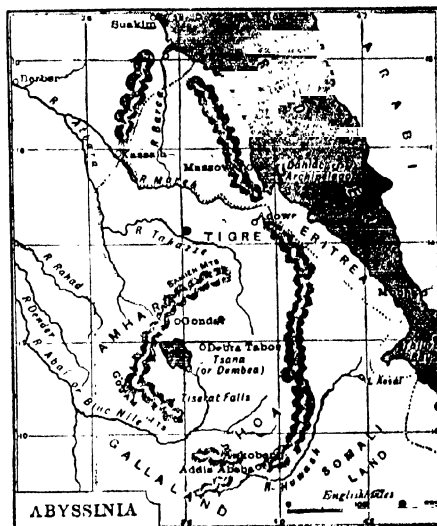
ABYSSINIA.—Also called Ethiopia. Abyssinia, situated in North Africa, and occupying a highland region south-west of the Red Sea, consists of four

provinces or kingdoms—Tigré, Amharé, Godjam, and Shoa. It is bounded on the north and east by Eritrea (the Italian possession) and Somaliland, on the south by British East Africa, and on the west by the Sudan. The King of Shoa is the supreme ruler of this territory, the institutions of which resemble those of mediæval feudalism. The political and commercial importance of Abyssinia in the future will depend upon the action of Great Britain, France, and Italy, who have agreed to keep a watchful eye on this part of Africa.

The area of Abyssinia is estimated at over 350,000 square miles, and the population is given at about 7,000,000, though some authorities place the figures much higher. At present, any estimate is more or less guesswork.

Relief. The country is in the main an elevated plateau. A very small portion is less than 6,000 ft. high, whilst in parts it rises to about 10,000 ft. This fact renders its few rivers too swift to be of any use for navigation, and the backward state of the people accounts for the absence of good roads or railways.

Occupations. Pastoral pursuits and the rearing of cattle occupy the attention of the major part of the population, and although the land is sufficiently fertile to grow all kinds of crops—tropical, sub-tropical, and those which are characteristic of the temperate zones—none of these are of much commercial importance, what is produced being utilised for domestic purposes. There is supposed



to be a good supply of minerals, but these are not at present worked except in a most primitive manner. The manufactures are limited to coarse cotton and woollen cloths, leather, pottery, and some iron, steel, and other metal articles. The chief exports are civet, coffee, ivory, gold dust, and gums. British exports to Abyssinia are almost entirely confined to coal. The trade of the country is mainly carried on through the Italian port of Massowah.

•Towns. Very few of the towns are of any size, the population being very fluctuating.

Addis Ababa is the capital, situated at an elevation of about 8,000 ft.

Gondar and **Harar** are the centres of the inland commerce, and the greater portion of the trade with the Red Sea coast passes through **Adowa**.

It is only in quite recent times that any railways have been built in Abyssinia. There is now a line running from **Jibuti**, in French Somaliland, to the capital, and this was completed as recently as 1915.

This railway is entirely under French control. Other railways are contemplated, and will no doubt be built within the next few years. The French Government has the management of the posts and telegraphs, and Abyssinia is a member of the Postal Union.

Letters are dispatched in normal times from Great Britain to Abyssinia every Friday night, via Massowah, the Italian port of Eritrea; but there is also a daily service to Massowah itself, via Italy and the Italian packet. The time of transit is about twenty-two days.

ACAJOU.—The French word for mahogany, but used in English to denote either the resin or the wood of the *Cedrela brasiliensis*. Brazil exports logs from 16 to 18 ft. in length. The French name also stands for the *Cashew*, a tree found in the East and West Indies, and producing a nut sometimes used as a food.

ACCEPTANCE.—This word is commonly used as meaning a bill of exchange, i.e., the actual bill itself, but an acceptance is really the writing across the face of the bill by which the drawee accedes to the order of the drawer. The drawee is the person to whom a bill is addressed by the drawer, and this drawee is required to pay on demand, or at a fixed or determinable future time, a sum certain in money to, or to the order of, a specified person, or to bearer. If the drawee accedes to the drawer's order, he signifies his assent by accepting the bill. When the drawee has accepted the bill, he is called the acceptor.

An acceptance is defined by Section 17 of the Bills of Exchange Act, 1882, as follows: "(1) The acceptance of a bill is the signification by the drawee of his assent to the order of the drawer, (2) An acceptance is invalid unless it complies with the following conditions, namely, (a) it must be written on the bill and be signed by the drawee; the mere signature of the drawee without additional words is sufficient; (b) it must not express that the drawee will perform his promise by any other means than the payment of money."

Mode of Acceptance. The usual mode of acceptance is for the drawee to write the word "accepted" across the face of the bill and to add his signature. But the signature must be there in any case. It is probable that the acceptance is complete if the drawee writes what purports to be an acceptance upon the back of a bill. When a bill is domiciled (See **DOMICILED BILL**) the name of the bank where it is payable follows the word "accepted," thus: "Accepted, payable at the X Y Banking Co., Ltd., London, A B."

Acceptance, like any other contract on a bill of exchange, is incomplete and revocable until delivery of the instrument has been made, in order to give effect to it.

A bill may be accepted (1) before it has been signed by the drawer, or whilst otherwise incomplete; (2) when it is overdue, or after it has been dishonoured by a previous refusal to accept, or by non-payment.

Unless the contrary appears by its terms, a bill of exchange is *prima facie* presumed to have been accepted before maturity and within a reasonable time after its issue, but there is no presumption as to the exact time of acceptance. But a bill should, in any case, be presented for acceptance as soon as possible, because, if the acceptance is refused, the parties to the bill, other than the drawee, become liable at once, even though the bill has not matured. (See **DISHONOUR**.) Also if a bill is payable after sight, presentment for acceptance is necessary within a reasonable time, in order to fix the date of the maturity of the instrument. What is a reasonable time is a question of fact depending upon the particular circumstances of each case.

Acceptances are either general or qualified. (See the special articles upon each of these headings.)

If a bill is made payable at so many days after sight, the drawee must add the date of sighting to his acceptance.

If there are several drawees named in a bill, each one of them must sign as acceptors, but an order addressed to two drawees in the alternative, or to two or more drawees in succession, is not a bill of exchange. (See **DRAWEE**.)

By the general law applicable to agency, any person who is duly authorised to do so may accept a bill on behalf of the drawee. Where the drawee is a firm, the partner who accepts must do so in the name of the firm. If the drawee is Mrs. John Brown, she should accept as "Mary Brown, wife (or widow) of John Brown." Where the drawee is a limited company, the acceptance should, to be correct, contain the name of the company as well as the signatures of the authorised officials.

With regard to the rules as to presentment of a bill for acceptance, see **PRESENTMENT FOR ACCEPTANCE**.

When a bill is duly presented for acceptance and is not accepted within the customary time, the person presenting it must treat it as dishonoured by non-acceptance. (See **DISHONOUR OF BILL OF EXCHANGE**.)

Until a drawee has accepted the bill he is not liable thereon, but in Scotland, where the drawee has funds available for its payment, the bill operates as an assignment of the amount of the bill in favour of the holder from the time when the bill is presented to the drawee. (See **DRAWEE**.)

An acceptor is at liberty to cancel his acceptance provided that the bill is still in his own hands, and that he has not led anyone to believe that he would accept it.

Liability of Acceptance. No person is liable as acceptor of a bill of exchange who has not signed it as such: Provided that (1) where a person signs a bill in a trade or assumed name, he is liable thereon as if he had signed it in his own name; (2) the signature of the name of a firm is equivalent to the signature by the person so signing of the names of all persons liable as partners in that firm. In the case of a non-trading partnership, an acceptance by a partner binds himself alone and not the firm. If there are several acceptors of a bill, they are liable jointly, not jointly and severally (q.v.).

Where a bill is accepted payable at the acceptor's bankers, that is a sufficient authority for the banker to debit it to his customer's account; but, in practice, country bankers often require particulars of acceptances falling due to be given, and a

written order from the customer to pay them, though London bankers pay without any advice. Such an order need not be stamped.

The death or the bankruptcy of an acceptor revokes a banker's authority to pay a bill.

If a banker is a holder for value, he may debit an acceptance to the acceptor's account, even if the acceptor has sent instructions not to pay the bill. Where a bill is accepted, say, by John Brown, payable at the British Bank, Leeds, although no drawee's name is mentioned in the bill, it may be debited to his account. A bill may also be charged to the acceptor's account which is accepted simply "John Brown," if there is an indication elsewhere in the bill that it is payable at the "British Bank, Leeds."

Bills accepted Payable in London. Many country customers accept their bills payable either at the London office of their banker, or at their banker's London agents. (See **RETIRING A BILL**.) Two or three days before a bill falls due, the acceptor requests his banker in writing (by filling up the banker's printed form, and giving particulars of the bill and any documents that are attached) to instruct the London office to pay his acceptance. The order is generally signed in the same way as cheques are drawn. A banker is not obliged to pay a bill accepted payable with him or to retire an acceptance payable in London, except upon instructions or by custom. When a banker receives an order to retire a bill, he has to consider whether or not the account of his customer will admit of the payment of the bill. If unable to accede to his customer's request, he informs his customer accordingly, but if all is well he charges the amount of the bill to his customer's account and credits it to his London agents (or London office), requesting them to pay the bill when presented.

When instructions are received to cancel an order which has been given to retire an acceptance in London, it is necessary to be quite certain that the advice has not already been acted upon by the London agents, and that they have cancelled the advice before re-crediting the amount to the customer's credit.

An order signed by a customer to retire an acceptance (whether his own or that of another person) does not require a stamp to be affixed.

A bill often contains an indication as to where it is to be payable, e.g., "payable in London"; but if there is no such indication, the drawer accepts it payable in the place where he lives, unless he follows the recognised custom and makes it payable in London. If a bill is accepted payable at, say, the British Bank, Ltd., it should be presented at the British Bank in the town where the drawee is described as living.

Foreign Law. The rules as to acceptance vary in different countries. By German Exchange Law, an acceptance once written cannot be cancelled. The Netherlands Code is to the same effect. In France, as in England, an acceptance may be cancelled by the drawee as long as he retains possession of the bill *quâ* drawee. By the common law a verbal acceptance was sufficient, and the common law still prevails in some of the states of North America. Signature of the drawee, without any other words, is sufficient in Germany, though not in France. The Spanish Code requires the precise term "accepted" to be used.

ACCEPTANCE.—(See **CONTRACT**).

ACCEPTANCE FOR HONOUR.—(See **ACCEPTOR FOR HONOUR**.)

ACCEPTANCE, GENERAL.—There are two kinds of acceptances of bills of exchange, general and qualified. A general acceptance assents without qualification to the order of the drawer. In practice, the acceptance is written across the middle of the face of the bill, and consists either simply of the name of the drawee (or the names of the drawees if there are more than one) or of the words "accepted" followed by the signature. In Scotland, it is customary for the drawee to sign under the drawer's signature, unless the bill is accepted payable at a banker's, when the English custom of writing the acceptance across the face of the bill is adopted.

It is by no means uncommon for the acceptance to be written, printed, or stamped in coloured ink, generally red, and not infrequently the date of acceptance and the due date of payment of the bill are also inserted. An acceptance is still general, even though an address is added to the signature, or a place of payment specified. For example—

Accepted,

George Hardy, 427 North Street, Liverpool.

or,

*Accepted, payable at the Blankshire Bank,
George Hardy.*

The value of a general acceptance consists in this, that the holder of the bill can sue the acceptor upon it without making any presentment of the bill to him. But he will lose his appropriate remedies against all the other parties to the bill unless the presentment is made at the place indicated in the acceptance, or, if no particular place is indicated, at the place of business or the residence of the acceptor, according to circumstances.

ACCEPTANCE, QUALIFIED.—A qualified acceptance of a bill of exchange is one which varies the effect of a bill as drawn, and does so in express terms. There are five kinds of qualified acceptances: (a) Conditional, that is, an acceptance dependent upon a condition stated in the acceptance, e.g., "Accepted, payable when in funds"; (b) partial, that is, an acceptance to pay a part only of the amount for which the bill is drawn, e.g., a bill drawn for £500 and an acceptance as follows— "Accepted for £100 only"; (c) local, that is, an acceptance to pay at a particular place and there only, e.g., "Accepted payable at the Blankshire Bank and not elsewhere" (but an acceptance "Payable at the Blankshire Bank" is a general acceptance); (d) qualified as to time, e.g., when a bill is drawn at three months and the acceptance is, "Accepted, payable at six months"; (e) an acceptance of some one or more of the drawees, but not of all, e.g., a bill drawn on A, B, and C, and accepted by A and B only.

If the acceptor of a bill desires to qualify his acceptance, he must do so on the face of the bill in clear and unequivocal terms, so that any person taking the bill could not, if he acted reasonably, fail to understand that it was accepted subject to the express qualification. The holder of a bill may refuse to take a qualified acceptance, and if he does not obtain an unqualified acceptance he may treat the bill as dishonoured by non-acceptance. If he takes a qualified acceptance without the express or implied consent of the drawer or an indorser, such drawer or indorser is discharged from his liability on the bill. But where a drawer

or an indorser receives notice of a qualified acceptance, he is deemed to have assented thereto, unless he expresses his dissent within a reasonable time. A notice of a qualified acceptance should be in some such form as the following—

London, Oct. 1st, 19.

Take notice that a bill of exchange for £100 drawn by you (or indorsed by you) under date the on A B has been accepted by him for £50 only, and that you are held responsible for the balance and expenses. C D.

In the case of a qualified acceptance making a bill payable at a certain place, and at that place only, there must be presentment for payment at that place to charge the drawer and the indorsers, but an omission of presentment for payment to the acceptor, unless there is an express stipulation to that effect, will not discharge the acceptor if the bill is not presented for payment on the day that it falls due.

ACCEPTILATION.—A formal discharge or release from a debt.

ACCEPTOR.—The person to whom a bill of exchange is addressed is called the drawee, but directly the drawee has assented to the order of the drawer, i.e., has expressed his readiness to pay the amount or a part of the amount of the bill, he becomes the acceptor, and the signification by the drawee of his assent to the order of the drawer is called the acceptance of the bill. The acceptor must be the same person as the drawee. A bill cannot be addressed to one person and accepted by another, and liability as an acceptor is not constituted if such an acceptance is purported to be made, although it is quite possible that the person who purports to accept the bill may be liable as an indorser (*q.v.*). Thus, if a bill is addressed to A, and B writes an acceptance upon it, B is not liable as an acceptor. But it will be quite sufficient if an agent of the drawee accepts the bill, provided he is acting within the scope of his authority. Thus, if a bill is addressed to A & Co., and B, a partner in the firm, accepts it in the firm's name and also adds his own, this will be an acceptance of the firm, and not of B personally. So, also, if a bill is addressed to the X Co., Ltd. it may be accepted by one or more of the directors signing it, that is, presuming the company has the capacity to contract, and the person or persons describing himself or themselves simply as director or directors. In other cases, such a signature, being descriptive, would not free the signatories from personal liability upon the bill.

The drawee must be named or indicated with reasonable certainty, just like other parties to the bill. There may be two or more drawees, and consequently two or more acceptors of a bill, whether they are partners or not, but an order cannot be addressed to two drawees in the alternative, nor to two or more drawees in succession. The existence of alternative or successive drawees would give rise to difficulties as to recourse if the bill was dishonoured.

As to the form of acceptance, see ACCEPTANCE.

Liability of Acceptor. The acceptor is always the person who is primarily liable upon a bill, and he is liable by reason of his acceptance, his signature being a *prima facie* acknowledgment that he has in his hands funds which the drawer is entitled to call upon him to pay in the manner ordered. But

until he has signed he is not liable upon the instrument in which he is named as drawee, although he has funds of the drawer in hand. (See INCHOATE INSTRUMENT.) By accepting a bill the acceptor engages that he will pay it according to the tenor of his acceptance, that is, if the acceptance is general (*q.v.*) he undertakes to pay the bill as it stands; if the acceptance is qualified (*q.v.*) and the qualified acceptance has been taken, he engages to pay what he has undertaken to do by his qualified acceptance. And just as a drawer is precluded from denying certain facts (see DRAWER), the acceptor of a bill cannot deny, to a holder in due course (*q.v.*)—

(a) the existence of the drawer, the genuineness of his signature, and his capacity and authority to draw the bill;

(b) in the case of a bill payable to the drawer's order, the then capacity of the drawer to indorse, but not the genuineness or validity of his indorsement;

(c) in the case of a bill payable to the order of a third person, the existence of the payee and his then capacity to indorse, but not the genuineness or validity of his indorsement.

Estoppel binding Acceptor. A very slight consideration will show how necessary it is that an acceptor should be precluded from denying these facts, otherwise legal proceedings, when they have to be taken, might be protracted indefinitely. In the ordinary course of things the drawee does not accept a bill until the signature of the drawer has been placed upon it. If, therefore, he has any doubts as to the existence of the drawer, the genuineness of his signature, and his capacity or authority to draw the bill, he should refuse to accept it. By accepting, he tacitly admits that these things are correct. But an acceptor cannot be estopped (see ESTOPPEL) from denying certain facts which would, in the ordinary course of things, take place after his own acceptance. So, therefore, as indorsements are not generally placed upon a bill until after acceptance, the acceptor cannot be held to warrant, and cannot be precluded from denying, the regularity of what has taken place after the placing of his own signature upon it. Owing to the fact that a bill may be put into circulation before a drawer's signature is upon it, an acceptor may, under certain circumstances, find himself placed in a serious position as to defending an action brought against him. No person, therefore, should accept a bill which has not the drawer's name already upon it.

Apart from such defences as fraud or illegality, the acceptor of a bill cannot resist payment at maturity, if all the proper steps have been taken, unless the bill is an accommodation bill (*q.v.*) and no value has been given for it at any time. Thus the drawer of an accommodation bill cannot sue the acceptor, but if the bill has got into the hands of a third party, and there has been consideration given by that third party, or by any other person from whom he has taken it, the fact that the acceptor has received nothing in consideration for his acceptance will afford no defence to an action on the bill.

An acceptor may be sued at any time within six years from the maturity of the bill. (See DISHONOUR, PRESENTMENT.)

ACCEPTOR FOR HONOUR.—A bill of exchange must be accepted by the person upon whom it is drawn, if he is a single individual, by any one or

more of the partners in a firm, if it is drawn upon a mercantile partnership, and by all the persons named as drawees if they are not partners; otherwise the bill is dishonoured for non-acceptance, though in the last-named instance those who accept are bound by such acceptance. There is, however, another way in which a person can be liable on a bill, and that is as an acceptor for honour *supra* protest. By Section 15 of the Bills of Exchange Act, "the drawer of a bill and any indorser may insert therein the name of a person to whom the holder may resort in case of need, that is to say, in case the bill is dishonoured by non-acceptance or non-payment." Such person is called the referee in case of need. It is in the option of the holder to resort to the referee in case of need, or not, as he may think fit. The form in which a bill of exchange is drawn when there is a referee in case of need named is generally as follows—

London, Oct 5th, 19..

£115. Fourteen days after date pay to the order of
Messrs. J. P. Andrews & Co, one
hundred and fifteen pounds.

Value received.

Smith, Jones & Co.

To Messrs. Brown, Swift & Co,
Bankers,
London.

In case of need with

The Blankshire Banking Co., Limited, London.

The acceptor for honour or the referee in case of need, when an acceptance is given by either of them, writes across the bill: "Accepted S.P." (i.e., *supra* protest), or "Accepted for the honour of A B," naming the person for whose honour the bill is accepted. If no name is mentioned, the acceptance is considered to be for the honour of the drawer.

After protest for non-acceptance, any person may, with the consent of the holder, accept a bill *supra* protest for the honour of any party thereon. Section 65 of the Bills of Exchange Act, 1882, provides as follows—

(1) Where a bill of exchange has been protested for dishonour by non-acceptance, or protested for better security, and is not overdue, any person, not being a party already liable thereon, may, with the consent of the holder, intervene and accept the bill *supra* protest, for the honour of the party liable thereon, or for the honour of the person for whose account the bill is drawn.

"(2) A bill may be accepted for honour for part only of the sum for which it is drawn.

"(3) An acceptance for honour *supra* protest, in order to be valid, must—

"(a) be written on the bill, and indicate that it is an acceptance for honour;

"(b) be signed by the acceptor for honour.

"(4) Where an acceptance for honour does not expressly state for whose honour it is made, it is deemed to be an acceptance for the honour of the drawer.

"(5) Where a bill payable after sight is accepted for honour, its maturity is calculated from the date of the noting for non-acceptance, and not from the date of the acceptance for honour."

An acceptance for honour is written across the bill as: "Accepted for the honour of John Brown, Thomas Jones," or "Accepted *supra* protest, Thomas Jones"; or "Accepted for the honour of John Brown with £ for notarial charges, Thomas Jones"; or "Accepted S.P. (i.e., *supra* protest), Thomas Jones."

The liability of an acceptor for honour is dealt with in Section 66 as follows—

"(1) The acceptor for honour of a bill by accepting it engages that he will, on due presentment, pay the bill according to the tenor of his acceptance, if it is not paid by the drawee, provided it has been duly presented for payment, and protested for non-payment, and that he receives notice of these facts.

"(2) The acceptor for honour is liable to the holder and to all parties to the bill subsequent to the party for whose honour he has accepted."

ACCESSORIES.—Accessories to an offence are of two kinds, before or after the commission of the offence. An accessory before the fact is a person who has counselled, procured, or abetted another to commit an offence. Actual presence is not essential. Such an accessory is sometimes called a principal in the second degree, the offender, i.e., the person who actually commits the offence, being the principal in the first degree. He is liable to be punished to the same extent as the actual offender, and may be separately indicted on a substantive charge, whether the principal in the first degree has or has not been convicted. An accessory after the fact is a person who "receives or assists the felon with knowledge of his crime, and with a view of enabling him to escape justice." An accessory after the fact may be indicted as such, or for a substantive felony, punishable with two years' hard labour, and, in cases of murder, with penal servitude for life. A married woman who receives and assists her husband with full knowledge of his crime cannot be convicted as an accessory after the fact. There may be accessories before the fact, to both felonies (*q.v.*) and misdemeanours (*q.v.*); accessories after the fact to felonies alone.

ACCIDENT.—(See WORKMEN'S COMPENSATION.)

ACCIDENT INSURANCE.—This is a species of insurance of the utmost importance, on account of the growing liability of employers of labour and others for accidents happening to persons in their employ; but also, owing to the increasing risks arising from modern civilisation, there is an immense business done in what is called personal insurance, by which the insurer undertakes to pay a specified sum in the event of the death of, or stated periodic payments in case of an injury to, the insured in return for certain fixed premiums. To some extent an accident insurance is a contract of indemnity. Any person can insure himself against accidents, as he has always an interest in his own personal safety; but he cannot insure the life and limbs of any other person unless he has some pecuniary interest in the life or safety of that other person. There is no limit as to the amount for which the insurance may be effected upon a man's own life and personal safety; but that effected upon the life or the safety of another person is limited to the amount of the pecuniary interest existing in the same at the time of effecting the insurance. The insurer, in the case of an accident happening, and his paying the sum named in the policy, is not subrogated to the rights of the assured, i.e., he is not entitled to any benefits which have accrued to the insured from

other circumstances. Thus, a person may insure himself in any number of offices and claim against the whole in case of accident, or his representatives may claim in case of death. One insurance cannot be set off against another. Again, if a person is insured against accident, and is then killed in some collision, the insurance money must be paid to the representatives of the deceased in any case, and this payment is not affected by any claim for damages which may be advanced, and possibly recovered, against any person or persons who have been negligent and, therefore, responsible for the accident. The extra foresight of the insured gives the additional benefit to him in case of accident, and to his representatives in case of death.

Conditions of a Policy. The conditions of an accident policy of insurance should be most carefully examined before the form is signed by the insured. This caution, though applicable to all kinds of insurance, is especially necessary in the case of accident insurance. The construction of the document is, in case of any dispute arising as to its terms, for a court of law (unless there is an arbitration clause in the policy, now a very general one indeed), and no special rules can be laid down for the guidance of parties. But the danger of allowing ambiguous language to appear in such policies is being constantly shown. One of the greatest difficulties is to construe what is, and what is not, an accident. Human foresight cannot provide against everything, but this matter ought not to be left open to more doubt than possible. The benefits of accident insurance are generally confined to Europe, and limited to persons of less than sixty-five years of age. The above remarks are applicable to insurances effected in regular fashion in the ordinary course. Where reliance is placed upon the policies issued by certain periodicals, the terms there laid down must be closely observed, and their limitations examined in order to prevent disappointment. It is obvious that the low terms upon which these policies are issued make it essential that the conditions should be of the strictest kind.

Rates of Premiums. The premium charged for accident insurance varies generally according to the occupation of the insured; but every circumstance, connected not only with the profession, business, or occupation of the insured, but also with his habits of life, will be inquired into, and these will enable the insurer to estimate what are the chances of an accident happening. As a rule, however, the risks are divided into three classes—ordinary, medium, and hazardous. As the premiums charged are subject to fluctuation, owing to a variety of circumstances, it is essential for any person contemplating insurance to make inquiries of the various insurance companies as to the rates in vogue at any particular time. For additional benefits, the prospectuses of the different companies which deal with this class of business must be consulted, a list of which will be found under **INSURANCE OFFICES**. When the policy is renewed from year to year it is the custom for most offices to allow a period of fifteen days, called days of grace, for the payment of the premium. This period of grace, however, should not be relied upon as a matter of course. The insured must ascertain for himself whether it is so. The stamp duty upon the policy is one penny. For the benefit of the periodicals which insure their subscribers against accidental death or injury, two Acts of Parliament

have been passed providing for the compounding of the insurance duties payable.

In the same way insurance policies are now issued by certain companies against sickness arising out of causes altogether independent of accident.

This matter is dealt with under the heading of **SICKNESS INSURANCE**.

For further particulars, see **INSURABLE INTEREST, INSURANCE**.

ACCOMMODATION BILL.—This is the name given to a bill to which a person, called an accommodation party, puts his name to oblige or accommodate another person without receiving any consideration for so doing. The position of such a party is, in fact, that of a surety or guarantor. Bills of this type are commonly called "kites," or "windmills," or "windbills." A man accepts a bill for the accommodation of B the drawer, who is in need of money. A receives no consideration, and does not expect to be called upon to pay the bill when due. B raises the necessary funds by discounting the bill, expecting that, at maturity, he will be in a position to meet the bill himself. If, however, he fails to do so, a holder for value, even though he knew it was an accommodation bill when he took it, can sue the acceptor and prior indorsers. But until value has been given, no one is liable on such a bill. Thus, a drawer cannot sue an acceptor upon such a bill. When a banker discounts an accommodation bill he becomes a holder for value.

The Bills of Exchange Act, 1882 (Section 28), defines an accommodation bill and the liability of an accommodation party as follows—

"(1) An accommodation party to a bill is a person who has signed a bill as drawer, acceptor, or indorser, without receiving value therefor, and for the purpose of lending his name to some other person.

"(2) An accommodation party is liable on the bill to a holder for value; and it is immaterial whether, when such holder took the bill, he knew such party to be an accommodation party or not."

By Section 46 (s.s. 2), presentment for payment is dispensed with—

"(c) As regards the drawer where the drawee or acceptor is not bound, as between himself and the drawer, to accept or pay the bill, and the drawer has no reason to believe that the bill would be paid if presented.

"(d) As regards an indorser, where the bill was accepted or made for the accommodation of that indorser and he has no reason to expect that the bill would be paid if presented."

Notice of dishonour is dispensed with by Section 50 (s.s. 2)—

"(c) (4) Where the drawee or acceptor is as between himself and the drawer, under no obligation to accept or pay the bill;

"(d) As regards the indorser;

"(3) Where the bill was accepted or made for his accommodation."

But to preserve the holder's rights against any prior parties, the bill should be presented for payment at maturity.

By Section 59 (s.s. 3): "Where an accommodation bill is paid in due course by the party accommodated, the bill is discharged."

ACCOMMODATION PARTY.—This is the name given to the person who signs a bill as drawer, acceptor, or indorser, without receiving any value

for the same. An accommodation party is liable to a holder for value. (See ACCOMMODATION BILL.)

ACCOMPLICES.—When two or more persons take part in the commission of an offence, or when one aids or abets another, or is an accessory before or after the fact (in the latter case, only if the offence is a felony), they are said to be accomplices, and each may be charged separately with a substantive offence or in conjunction with the principal in the first degree. Sometimes permission is given by the court that one of the accomplices shall be acquitted; and he is then accepted as a witness against his confederates. This is called turning King's evidence (*q.v.*). It is a principle of English law that the evidence of an accomplice is always to be looked upon with suspicion, and no conviction can ever follow upon such evidence unless it is corroborated by some independent witness.

ACCORD AND SATISFACTION.—"Accord and satisfaction" is a defence in law which may be pleaded in a civil cause in answer to an action for damages for breach of contract, when the defendant is able to allege that he has arrived at an agreement (accord) with the plaintiff and has acted upon that agreement, so as to do something (satisfaction) which will meet the demand of the plaintiff so far as his claim is concerned. In order to extinguish the obligation under a contract, there must be both accord and satisfaction; and this satisfaction must consist in the performance of something other than what was stipulated for under the contract. This doctrine is best exemplified in the case of the payment of money in discharge of a debt. In accordance with what has just been stated, it will be seen that a debtor cannot liquidate a debt of an ascertained amount by the payment of a smaller sum than that which is due. Thus a debt of £100 cannot be settled by the payment of £75. The creditor is entitled to sue for the £25 difference, unless there is some consideration for the abandonment of the excess. If the amount of the debt is uncertain, a smaller sum will liquidate a larger one. But if something other than money is given and accepted, no matter how small its value may be, there is accord and satisfaction. Thus, the handing over of a small piece of furniture or a trifling trinket may be sufficient to satisfy a demand, however great. Also, a negotiable instrument for an amount smaller than the amount of the debt may serve as an accord and satisfaction, as it is supposed to confer an advantage upon the recipient, which is the consideration for the abandonment of the excess. Thus, a bill of exchange for £75 will satisfy a debt of £100, even though the £100 is an ascertained amount. There is what is known as "accord and satisfaction." The transferor, then, of a bill for £75, even though he indorses the bill, provided he has acted in good faith, is only liable in any case to pay the £75, and he may escape altogether if the holder of the bill fails in any of his duties as to notice of dishonour (*q.v.*). If, however, he is a transferor by delivery, he cannot be held responsible at all, unless it is made perfectly clear that the bill was taken as security merely or in part payment, and was never intended to act as a complete satisfaction and discharge of his debt. The position may be stated more simply thus. If a creditor accepts something other than cash in satisfaction of his debt, the debt itself is gone, and the thing taken in discharge can alone be looked to for full satisfaction. The creditor must then be on the alert or he may lose altogether.

It is always a question of fact whether there has been accord and satisfaction, and an illustration may be provided by reference to the leading case of *Day v. McLea*, 1889, 22 Q.B.D. 610, which is strictly in point, although the document there was a cheque and not a bill of exchange. In that case the defendant sent a cheque to the plaintiff which was drawn for a less amount than the debt which was owing. Along with it there was forwarded a form of receipt which contained these words, "in full of all demands." The plaintiff retained the cheque and sent a receipt to the defendant on account. Afterwards the plaintiff sued for the balance. It was held that the mere fact of the retention of the cheque was not at all conclusive that there had been accord and satisfaction. In his judgment, Bowen, L.J., said: "It seems to me, as a matter of principle as well as of authority, that the question whether there is an accord and satisfaction must be one of fact. If a person sends a sum of money on the terms that it is to be taken, if at all, in satisfaction of a larger claim, and if the money is kept, it is a question of fact as to the terms upon which it is kept. Accord and satisfaction imply an agreement to take the money in satisfaction of the claim in respect of which it is sent. If accord is a question of agreement, there must be either two minds agreeing, or one of the two persons acting in such a way as to induce the other to think that the money is taken in satisfaction of the claim, and to cause him to act upon that view. In either case it is a question of fact."

ACCOUNT.—This is the general term for all arithmetical calculations. Amongst merchants and traders the name is applied to formal statements relating to goods, services, or values. It may be a statement of business transactions, showing their debits and credits, with the balance in hand or that which is due. (See BRANCH ACCOUNTS, DEFICIENCY ACCOUNT, DEPARTMENTAL ACCOUNTS; ACCOUNT, PROFIT AND LOSS; ACCOUNT, STOCK EXCHANGE; ACCOUNT, SUSPENSE.)

ACCOUNT BOOKS.—Those books in which accounts are recorded. (See BOOK-KEEPING.)

ACCOUNT, CAPITAL.—The record of the capital subscribed to any trading concern, and the manner of its expenditure. (See CAPITAL.)

ACCOUNT, CURRENT.—A current account, or, as it is more frequently called, an account current, is an account between two parties involving a balance remaining outstanding for a period beyond the date on which it would ordinarily be settled. It is a continuous account of transactions between parties.

In banking, the term is also used to distinguish it from a deposit account—signifying that the balance may be withdrawn any time in contradistinction to a deposit account, where notice of withdrawal is required, or the money has been invested for a fixed period, or on special terms. This part of the subject is dealt with and explained in the article BANKING ACCOUNT.

Among merchants the account also takes interest into consideration, and this interest is both taken and given, so that neither party suffers loss of interest by reason of the cash not being received or paid at the due date of same. The rate of interest is usually a similar rate per cent. for both the debit and the credit items, but it may differ by arrangement.

Certain dates are fixed at which the account is

adjusted, and a balance agreed upon by the parties. If certain items are included in the account, which are not due for payment at the date of adjustment, the amount for the period in advance is entered in red ink, and requires to be debited or credited to the interest columns before the balance same is taken. This "red interest" having been dealt with, this will not be included in the total of the products (or interest) column in which it appears, but will be carried to and included in the contra products column.

The interest on current accounts may be worked out in the usual way on each item on the number of days, interest tables often being used to facilitate the operation, or it may be calculated by means of products.

Examples of current accounts, using the latter method of calculating the interest, are given, together with the rule for same.

The rule for the calculation of interest by means of products is as follows—

Multiply the amount of each item by the number of days from the due date of the item to that on which the account is to be adjusted; then balance the products columns, and multiply the balance by double the rate of the interest, and divide the result by 73,000.

Should the rate of interest to be debited differ from that to be credited, the result will be arrived

at by totalling each side, and first multiplying each by double the rate per cent. applicable to it, taking the balance and dividing same by 73,000.

On the continent, where for this purpose each month is reckoned as having 30 days and the year 360, the rule adopted is as follows—

From the due date of each transaction which has taken place during the period, to the date of commencement of the account, calculate the number of days, and multiply this number by the amount. Then, take the balance of the account at the end of the period and deal with it in a similar way, but placing it on the opposite side of the account. The commencing balance is not treated in any way.

Take the balance of numbers, multiply it by the rate of interest and divide by 36,000, which will give the amount of interest to be debited or credited.

When the rate of interest to be debited differs from that to be credited, both debit and credit columns of products will be totalled, each multiplied by its respective rate of interest, the balance taken and divided by 36,000.

Instead of ascertaining the balance, the interest on each item may be worked out separately, and such interest columns added and the balance taken therefrom.

For the sake of convenience, the three examples have been drawn together instead of being set out separately.

Dr. J. JONES, LONDON, IN ACCOUNT CURRENT WITH T. ROBINSON, BOMBAY.					Cr.				
Date.	Particulars.	Amount.	Days.	Products.	Date.	Particulars.	Amount.	Days.	Products.
1900 July 1	To Balance	£2,145 0 0	92	197,340	1900 July 2	By Bill due Aug. 5th	£2,000 0 0	56	112,000
" 10	" Goods	214 0 0	82	17,548	" 28	" Goods	350 0 0	64	22,400
Aug. 4	" Cash	100 0 0	57	5,700	Sept. 4	" Balance of Nos.	200 0 0	20	9,200
Sept. 16	" Goods	1,395 0 0	14	19,530	" 30	" Balance c/d	1,738 0 0		102,198
" 26	" Interest on 102,198 days @ 5%	420 0 0	4	1,680					
" 30	"	14 0 0							
		£4,285 0 0		241,798			£4,288 0 0		241,798

CURRENT ACCOUNT, SHOWING TREATMENT OF "RED" INTEREST

Red indicated by heavy type.

Dr.						3½% INTEREST ON DEBIT ITEMS, 4% ON CREDIT ITEMS.						Cr.			
Date.	Particulars	Due.	Amount.	Days.	Products.	Date.	Particulars	Due.	Amount.	Days.	Products.				
Jan. 1	To Balance	Jan. 1	£1,240	0 0	182	225,680	To								
Feb. 2	" Goods	Mar. 2	450	0 0	120	54,000	Jan. 9	By Bill 2 m/d	Mar. 12	£1,240	0 0	110	150,400		
" 20	" " 250	" 29	280	0 0	93	26,040	Feb. 24	" Goods	24	1,800	0 0	98	95,000		
Mar. 24	" Bill 4 m/d	July 27	1,000	0 0	27	27,000	Mar. 29	" Bill 1 m/d	May 2	750	0 0	59	43,070		
May 1	" Goods	June 6	15	0 0	24	840	June 30	" Red Interest					27,000		
							" "	" Interest		3	19	5			
						306,560									
						7									
						2,115,920									
	" Balance of Interest Numbers					289,840		" Balance c/d		31	0	7			
			£1,005	0 0		2,415,760									

CURRENT ACCOUNT.

Dr. (Similar to first example, but worked by CONTINENTAL METHOD—30 days to the month.)

Date.	Particulars.	Amount.	Days.	Products.	Date.	Particulars.	Amount.	Days.	Products.
July 1	To Balance ..	£2,145 0 0		" Epdque ..	19..				
" 10	" Goods ..	214 0 0	10	2,140	July 2	By Bill due Aug. 5th	£2,000 0 0	35	170,000
" 25	" Cash ..	100 0 0	34	3,400	" 25	" Goods ..	350 0 0	25	9,800
Aug. 4	" Goods ..	1,395 0 0	75	106,020	Sept. 4	" Interest on £1,724 for 90 days	200 0 0	84	12,800
Sept. 16	" " ..	420 0 0	86	36,120	" "	" Balance c/d.	1,737 18 0		155,160
" 26	" Balance of Nos. ..	13 18 0		100,080	" "				
" "	" Interest @ 5% ..				" "				
		£4,287 18 0		247,760			£4,287 18 0		247,760

ACCOUNT PAYEE.—Cheques are frequently crossed—

Account payee
X & Y Bank, Ltd., Leeds.
British Bank, Ltd., Leeds.
for account of John Brown.

or with some variation of these forms

The words are an indication to the collecting banker as to what is to be done with the proceeds of the cheque, but the banker on whom the cheque is drawn, so long as he pays it to the right banker, is not concerned with the words "account payee". In practice, a banker who receives such a cheque for collection ought to see that it is placed to the credit of the account as indicated in the crossing. In the case of *Devan v. National Bank, Ltd.*, 1907, 23 T.L.R. 65, Mr Justice Channell said: "It was a direction to the receiving banker that the drawer desired to pay the particular cheque into the bank which kept the account of the payee. To disregard a direction of that kind, if the banker had information which might lead him to think that the account into which he was paying the cheque was not the payee's account, would be negligence."

The case of *Kadbroke & Co v. Todd*, 1914, 111 L.T. 43, is another case which is worthy of notice upon this point. There a cheque which was crossed "account payee only" had been stolen, an account opened with it by a person representing himself to be the payee, and cash for it subsequently obtained. It was held that the banker, who, without making proper inquiries, opened an account for a person who presented such a cheque, was guilty of negligence.

Another recent reported case on the subject is that of *House Property Co. v. London, County & Westminster Bank*, 1915, 31 T.L.R. 479. In that case a cheque was drawn in favour of "F. S. Hansa, Esq., and others or bearer," and crossed "a/c payee." The cheque was collected by the bank and credited to a customer, the bearer of the cheque

It was held by Mr Justice Rowlatt that the bearer of the cheque was not the payee, and that the bank was negligent in not making inquiry as to the circumstances in which the customer was the bearer of the cheque. It is submitted that this is a somewhat extreme case, but there was no appeal against the judgment.

The latest reported case is that of *Ross v. London, County & Westminster Bank*, 1919, 35 T.L.R. 315. There certain cheques were drawn payable to an official of a public department and marked "account payee." They were stolen by an employee of the department who paid the same into his private account and drew upon his banker against them. It was held that in such a case the bank was put on inquiry and had failed to exercise due care in dealing with the cheques to the detriment of the true owner.

It is not necessary for the collecting banker to place any note or indorsement upon the cheque that the amount has been placed to the credit of the payee's account.

There is no provision in the Bills of Exchange Act, 1882, regarding the words "account payee" in connection with a crossing. Section 78 says that it shall not be lawful for any person, except as authorised by the Act, to add to the crossing. It is not understood, however, that such words are really an addition to the crossing. They certainly do not, *prima facie*, affect the transferability of the cheque. They may, as a matter of convenience, be placed close to a crossing, or even between the lines, but they would have the same effect wherever placed on the cheque, so long as the collecting banker could see them, and they may be placed with effect upon a cheque that is not crossed. (See CROSSED CHEQUE)

ACCOUNT, PROFIT AND LOSS.—An account drawn up from a set of books kept on double entry principles for the purpose of arriving at the amount of profit earned.

It is a summary of nominal or impersonal accounts after the necessary adjustments in connection with each have been made, and the balance of the account represents the net profit or loss for the period for which it has been prepared.

It is often divided into sections, the first section being called a trading or manufacturing account; but, strictly, the profit and loss account is the section to which the gross profit from such trading or manufacturing account is credited, together with profits from other sources, and to which all expenses of management and distribution and other expenses chargeable against the period, including provision

for depreciation of wasting assets, are debited, leaving the net profit

This amount is often carried to a further section, and there dealt with according to whether the business is a partnership firm or a limited company: in the first case by the allocation to the capital accounts of the partners in their respective shares, and in the latter case showing the method of disposal of the net profit, together with any balance brought forward from the previous period.

In non-trading concerns the term "Revenue Account" is used instead of profit and loss account.

A specimen *pro forma* profit and loss account of a limited company is given below. (See also TRADING ACCOUNT.)

In large concerns a series of profit and loss accounts are sometimes prepared, showing the result of each department or branch, and an amalgamation of them all carried to a general profit and loss account.

While for the purpose of the business itself the profit and loss account shows all details of the expenses, etc., it is often found advisable, if publishing it, to eliminate a mass of detail which might prove of benefit to competitors. Particularly does this apply to the first section or trading account, from which the percentage of gross profit to turnover could easily be obtained.

ACCOUNT SALES.—A statement rendered by the consignee (the agent to whom the goods have been sent) to the consignor, showing the proceeds of realisation of the whole, or part, of the goods belonging to the latter. This statement also shows clearly the details in connection with the realisation of the consignment, and enables the party who has sent out the goods to enter up and complete the transaction in his books of account. Account sales are often rendered in the currency of the country where the goods are realised, in which case the statement requires to be converted into sterling.

The term "Del Credere Commission" sometimes found included among the deductions from the proceeds of the sale of the goods, means that such extra percentage of commission has been allowed to the

agent as consideration for the amount of the sale being guaranteed by him, thus relieving the consignor of any anxiety as to the solvency of the purchaser of the goods.

ACCOUNT SALES OF 10 CASES MACHINERY
RECEIVED FROM JONES & Co., LONDON, PER *Speedy*.

	£	s.	d.	£	s.	d.
10 Cases Machinery ..	900	0	0			
Less Charges :—						
Landing, Carting, &c. ..	3	0	0			
Insurance ..	1	0	0			
Commission, 2½% ..	22	10	0			
Del Credere, 1% ..	9	0	0			
				35	10	0
				864	10	0
Draft for £600 accepted against above						
£ s. d.						
(Signed) Robins & Co.,						
Cape Town, July 18, 19..						

ACCOUNT STATED.—This is an account between parties which has been agreed upon, and shows the balance which is owing by one to the other. Whenever it is sought to impeach the accuracy of an account stated, the burden of proof (*q.v.*) is upon the person who seeks to set it aside; whereas, in an open account, *i.e.*, one not agreed upon between the parties, the rule is the opposite.

ACCOUNT, STOCK EXCHANGE.—When a settlement is to be made in Stock Exchange transactions at a certain period over which the account extends, it is said to be "for the account." In Government securities and other stocks transferable at the Bank of England, the settlement is made once a month.

Dr

PROFIT AND LOSS ACCOUNT for year ending ...

Cr.

	£	s.	d.		£	s.	d.
Rent, Rates, Insurance, etc. ..				Balance from Manufacturing or Trading Account ..			
Lighting and Heating ..				Discounts Account ..			
Salaries ..				Interest ..			
Commission ..				Other Profits—			
Travelling ..				<i>e.g.</i> , Rents received ..			
Advertising ..				Transfer Fees ..			
Carriage Outward ..				Balance—Loss ..			
Printing and Stationery ..							
General Expenses ..							
Legal ..							
Audit Fee ..							
Bank Charges ..							
Discounts Account ..							
Directors' Fees ..							
Interest ..							
Debenture Interest ..							
Bad Debts and Reserve for same ..							
Depreciations (detailed) ..							
Balance—net profit ..							

• **ACCOUNT, SUSPENSE.**—An account which is opened in the books of a firm to which an item or items is or are entered pending the time at which they can be treated with certainty. The items may be either debit or credit, according to their nature. An example of a suspense account item would occur under the following circumstances:—

A firm making up its accounts at, say, June 30th, has an action entered against it for damages amounting to £250, which is disputed. The case not being settled, and the matter, therefore, being incapable of being correctly dealt with and affecting the period for which the accounts are being made up, an amount is credited to "Suspense Account" and charged against the period. When the result is known, the suspense account is closed by dealing with it from actual knowledge of facts as to its disposal, either back to profit or otherwise.

At the period of making up the accounts of a firm when adjustments require to be made for expenses due and accruing, and for payments made in advance, such items are sometimes placed to a "Suspense Account," but this method is not technically correct, as they are not in suspense but actual adjustments, and are better dealt with by bringing them down to contra of the account to which they belong for the new period.

ACCOUNT, TRADING. (See **TRADING ACCOUNT**)

ACCOUNTABLE RECEIPT.—This is a receipt which is given in respect of moneys or goods which have to be accounted for at a subsequent date. Examples of such a receipt are a banker's deposit receipt, or a receipt for goods left with him for safe custody. An entry fraudulently made in a pass book is a forgery of an accountable receipt.

ACCOUNTANT.—An accountant is a person who holds himself out to be one who is specially skilled in commercial and official affairs in general, but who is particularly versed in dealing with all accounts relating thereto. Accountants are sometimes divided into three classes: Official, public, and private. This division, however, is of no particular moment, as the work of each class consists in preparing, investigating, and auditing the accounts of traders, making up statements of affairs, collecting accounts, etc. Large business concerns generally employ an official, who is called an accountant, and to him is confided the supervision of everything connected with the book-keeping of the firm, the work of cashiers, the preparation of statements, balance sheets, profit and loss accounts, etc.

There has been an effort made for more than a generation to raise the professional status of accountants, and to increase the qualifications of those who practise as such. The Institute of Chartered Accountants (established in 1870, and incorporated by Royal Charter in 1880) is most active in this direction, and refuses to admit any man as a member who has not passed its recognised examinations and received a certain amount of proper training. The members of the institute are either Fellows or Associates, and are entitled to use the letters F.C.A. or A.C.A. after their names. Full particulars as to membership are obtainable from the office of the Secretary, Moorgate Place, E.C. The Society of Incorporated Accountants and Auditors (50 Gresham Street, E.C.) is another active body following closely in the footsteps of the Institute. The members of this last-named society are entitled to use the letters F.S.A.A. and A.S.A.A. respectively. Other associations of accountants are

the Corporation of Accountants (55 West Regent Street, Glasgow), the Central Association of Accountants (Moorgate Station Chambers, E.C.), and the London Association of Accountants, Ltd. (Temple Chambers, Temple Avenue, E.C.). There is also a Society of Accountants in Edinburgh, an Institute of Accountants and Auditors in Glasgow, and an Institute of Chartered Accountants in Ireland. A similar society has been established in Aberdeen, and there are several recognised bodies abroad.

The work of an accountant is very varied and responsible, and for the proper carrying out of his duties he must have a thorough knowledge of book-keeping and accounts, and also of every branch of commercial law. (See **AUDITOR**.)

If an accountant is negligent in the performance of his duties, i.e., if he fails to exercise proper care and skill, and occasions loss thereby, he is liable to be sued in an action for damages. As an illustration of the kind of negligence for which an accountant will be held liable, reference should be made to the case of *Fox & Son v. Morrish, Grant & Co.*, 1918, 35 T.L.R., 126.

The remuneration of an accountant will generally be fixed by agreement. In the absence of such agreement the remuneration must be fair and adequate. Under the Bankruptcy Act, 1914, the following charges are allowed—

For preparing balance sheet, investigating accounts, etc., principal's time, exclusively so employed, per day of seven hours, including necessary affidavit, £1 1s. to £5 5s.

Chief clerk's time, 10s. 6d. to £1 11s. 6d.

Other clerk's time, 7s. 6d. to 16s.

These charges include stationery, except forms used. (See **AUDIT AND AUDITORS**.)

ACCOUNTANTS' INDEMNITY INSURANCE.—

For a full account of this newly-established species of insurance, see **INSURABLE INTEREST, INSURANCE**.

ACCOUNTS, FALSIFICATION OF.—This offence is a misdemeanour, and is punishable with penal servitude up to seven years. It cannot be tried summarily before a magistrate or justices, but must be tried upon indictment, unless the offender is under sixteen years of age, i.e., is not an adult.

The Falsification of Accounts Act, 1875, sets out the offence as follows—

"If any clerk, officer, or servant, or any person employed or acting in the capacity of a clerk, officer, or servant shall wilfully and with intent to defraud, destroy, alter, mutilate, or falsify any book, paper, writing, valuable security, or account which belongs to or is in the possession of his employer, or has been received by him for or on behalf of his employer, or shall wilfully and with intent to defraud make or concur in making any false entry in, or omit or alter, or concur in omitting or altering, any material particular from or in any such book, or any document or account, then in every such case the person so offending shall be guilty of a misdemeanour."

It has been held that the falsification of a taximeter, which is a mechanical contrivance for recording an account, is the falsification of an account, and that the driver of a taxi-cab belonging to a company is a servant within the above statute.

The falsification of accounts by directors, officers, and members of public companies is provided for by Section 82 of the Larceny Act, 1861, which is

one of the sections of the Act of 1861, not repealed by the Larceny Act, 1916.

(N.B.—In dealing with criminal offences which are in any way connected with commercial affairs, the articles will, for obvious reasons, always be confined within the narrowest possible limits.)

ACCOUNTS OF TRUSTEES IN BANKRUPTCY.

—A trustee in bankruptcy must generally pay all moneys received into the Bankruptcy Estates Account at the Bank of England. The committee of inspection (*qv*) may, however, authorise him to open an account at a local bank, subject to the approval of the Board of Trade. Under the Bankruptcy Act, 1914, it is imperative that the trustee should pay money which comes into his hands into the Bank of England or into a local bank in a special account, for if he at any time retains £50 or more longer than ten days, he must, unless he can give a satisfactory reason for his default, pay interest at the rate of 20 per cent., and can have no claim for remuneration, and may be removed from his office by the Board of Trade. He also, in that case, becomes liable to pay any expenses occasioned by reason of his default. No trustee in a bankruptcy may pay any sum received by him into his private banking account. He must, when so required by a creditor acting with the concurrence of one-sixth of the creditors, furnish a statement of account, and he must keep proper books of account, minutes of proceedings, etc. His cash book is audited by the committee of inspection not less than once every three months. Every trustee must, at such times as may be prescribed, but not less than twice in each year of his tenure of office, send to the Board of Trade, or as they direct, an account of his receipts and payments as such trustee. The account must be in a prescribed form, must be made in duplicate, and be verified by a statutory declaration in the prescribed form. Such account having been audited, one copy is filed and kept by the Board and the other copy is filed by the court. Each copy is to be open to the inspection of any creditor, or of the bankrupt, or of any person interested. (See also TRUSTEE.)

ACCOUNTS, ORGANISATION OF.—(See ORGANISATION OF ACCOUNTS.)

ACCUMULATION.—This is a term used legally to denote the right of a person to tie up his property for a fixed period, in order that it may increase in value, the whole being invested at compound interest. Until 1800 the period allowed for accumulation was the life or lives of persons in existence and twenty-one years after. But an extraordinary will made by a Mr. Thellusson pointed to the dangers which might arise from extreme wealth, if a very rich man could tie up his estate effectually for the full period then allowed by law. On a moderate computation it was estimated that in the ordinary course of things the person who would ultimately benefit under this particular will would be richer than any of the world's millionaires of to-day. Consequently an Act was passed in 1800 called the Thellusson Act, and under it the accumulation of income can now only be directed (1) during the life of the settlor and twenty-one years after, or (2) during the minority of a person or persons living at the time of the death of the settlor; or (3) during the minority or respective minorities of a person or persons who, if of full age, would have been absolutely entitled under the settlement. There are certain exceptions as to provisions for

paying debts and providing portions for children. If an accumulation is directed beyond what the Act allows, the excess goes to the person who would have been entitled if such accumulation had not been directed. The law with respect to accumulation was not applicable to Scotland until the year 1848. By an Act passed in 1892, where money is directed to be accumulated for the purchase of land, such accumulation is only permissible during the period mentioned in (3) above.

ACETAL.—A colourless liquid produced by the slow oxidation of alcohol under the influence of dilute sulphuric acid and peroxide of manganese. It has a pleasant odour and a flavour resembling that of the hazel nut. Its chemical symbol is $C_2H_4(OC_2H_5)_2$. Specific gravity, .821; boiling point, 105° C. It is a valuable reagent in organic chemistry.

ACETIC ACID.—The sour principle in common vinegar. Pure acetic acid, which is a crystalline solid at 16.7° C., is obtained by distilling dry acetate of potassium and sulphuric acid. Its chemical symbol is $C_2H_4O_2$. Specific gravity, 1.053; boiling point, 118° C. Acetic acid is employed as a solvent for resin, gelatine, and similar substances. It is also used medicinally as a caustic, and in the composition of smelling salts. But its main use lies in its salts, known as acetates, which are important in the arts, the most important being the acetate or sugar of lead, and the acetate of copper, commonly known as verdigris.

ACETIC ETHER.—Also known as "ethyl acetate," a colourless liquid prepared by the addition of a mixture of alcohol and acetic acid to a mixture of alcohol and sulphuric acid. This substance has a pleasant fruity odour, and is used for flavouring sweets, wines, perfumes, etc.

ACETYLENE.—A colourless and rather heavy gas, with an unpleasant odour when not absolutely pure. It is a powerful illuminant with an intensely white flame, and is much used for bicycle and motor lamps, military searchlights, etc., as well as for street and domestic illumination, for which purpose it is frequently added to coal gas. It is made with the greatest ease by the decomposition of carbide of calcium by means of water. Its manufacture for commercial purposes dates from about 1895. Acetylene gas is highly explosive, and great care is required in the use of it. It is also used for welding metals of all descriptions, as by its use, in conjunction with the oxygen flame, the most intense heat (the electric arc excepted) is generated. Its use in recent years, for this reason, has immensely increased.

A COMPTE.—French, on account; means payment in part.

ACONITE.—A genus of plants of the order *Ranunculaceae*. They are natives of Europe, Asia, and North America, but the woolly aconite, or monk's-hood, is probably a native of Britain. The last-named variety is sometimes known as wolf's-bane. All species are violently poisonous in all their parts, but a tincture of the root is used medicinally in cases of heart disease.

ACONITINE.—The essential principle of aconite and one of the most powerful poisons known. If applied to the skin it produces a tingling followed by numbness, and on that account may be used with advantage for neuralgia, lumbago, and rheumatism.

ACQUITTANCE.—A discharge in writing of a debt or a sum of money due. In case of proof of

fraud or mistake, an acquittance may be re-opened and the settlement set aside.

ACRE.—The original meaning of this word was a field, or piece of open ground. Its meaning is now restricted to a measure of land.

• The English statute acre consists of 4,840 square yards. There are 640 acres in a square mile. The Irish acre is larger than the English, 100 of the former being equal to 162 of the latter. The Scottish acre is also larger than the English, 48 of the former being equal to 61 of the latter. The English statute acre is equal to about two-fifths (0.40467) of the French hectare, which is now the principal unit of land measure in most of the countries of the world. The English acre is adopted in the United States of America.

ACT OF BANKRUPTCY.—*Preliminary.* A debtor commits an act of bankruptcy when he does, or refrains from doing, any one of certain things which are clearly defined by statute. It is upon an act of bankruptcy that a petition must be founded. The mere fact that a debtor owes his creditor a sum of money does not justify the institution of bankruptcy proceedings; he must do something which shows his inability to pay his debts generally.

The various acts of bankruptcy will now be dealt with in order, as set out in the Bankruptcy Act, 1914.

A debtor commits such an act—

(a) *If in England or elsewhere he makes a conveyance or assignment of his property to a trustee or trustees for the benefit of his creditors generally.*

This act of bankruptcy may be committed anywhere. So an assignment by an Englishman in America would be an act of bankruptcy. The conveyance, however, must be intended to operate according to our law. If it were executed by a foreigner domiciled abroad in his own country, it would not be a conveyance or assignment within the meaning of the English Bankruptcy Act. The "conveyance or assignment" which is referred to may come about by operation of law. Thus, a declaration of trust operates as an assignment, as where, for instance, a debtor executes a deed under which he undertakes to stand possessed of all leaseholds for his creditors, and to convey the same as certain trustees shall appoint. The assignment need not be for trade creditors only, and the fact that it is unstamped and is not registered as a deed of arrangement (see **DEED OF ARRANGEMENT**) does not prevent its being made use of as an act of bankruptcy. It is well established, however, that a creditor who is party or privy to a deed of this character cannot rely on it as an act of bankruptcy unless (a) his assent has been obtained by fraud; or (b) the deed contains a provision which gives an advantage to one creditor over the others. The assent of a creditor cannot, however, be inferred merely from the fact that he was present at the meeting at which the debtor announced his intention to make it.

(b) *If in England or elsewhere he makes a fraudulent conveyance, gift, delivery, or transfer of his property, or of any part thereof.*

The kind of transaction which is here referred to may be thus described. Suppose a man secretly assigns all his assets to another, but still continues to trade in his own name. When a creditor came to obtain payment of a debt, it would obviously be convenient for the debtor to be able to rely upon the assignment; but by an Act passed in the reign

of Elizabeth, such a transaction is utterly void as being a fraud on creditors. This is one kind of transfer of property which is declared to be an act of bankruptcy by the above provision. A conveyance of property made *bond fide* and for good consideration is, however, valid, because in that case the creditors of the trader can obtain satisfaction of their debts from the consideration which the trader obtained. The assignment of the whole of a man's property for the benefit of one or more creditors is fraudulent, because it defeats the rights of the creditors who are excluded; but if the assignment is made in consideration of a substantial present advance, it is not fraudulent, if the advance was made to enable the debtor to continue his business. As it is the object of the legislature to prevent a man putting his property out of the reach of his creditors, the fact that the debt which he desires to secure is much less in value than the property assigned does not prevent the assignment being an act of bankruptcy, and the exception of a part of his property, if it is merely colourable, will not make the assignment lawful. If the debtor assigns only part of his property, it must be proved that it was fraudulent; whereas if all the property is assigned, fraud is presumed. Assignments of part of the property usually occur on the eve of bankruptcy, and it has been decided that if made when the debtor knows the bankruptcy is impending, they are fraudulent, as being intended to favour one creditor or a group of creditors. (See **FRAUDULENT PREFERENCE**.)

(c) *If in England or elsewhere he makes any conveyance or transfer of his property, or any part thereof, or creates any charge thereon which would under this or any other Act be void as a fraudulent preference if he were adjudged bankrupt.*

This "act of bankruptcy" is fully dealt with under the heading of **FRAUDULENT PREFERENCE**.

(d) *If with intent to defeat or delay his creditors he does any of the following things, namely, departs out of England, or, being out of England, remains out of England, or departs from his dwelling-house or otherwise absents himself, or begins to keep house.*

To establish this act of bankruptcy, it is necessary to prove the intent to defeat or delay the creditors. If a debtor knows that the consequence of his going abroad will be to defeat or delay certain creditors, he will be held to have gone abroad with that intention, although no creditor is actually delayed.

It is the "intent" which is important; for the fact of the debtor having departed from home in itself announces nothing. He may have gone away for many reasons. Again, the action of an Englishman in leaving England after the service of a writ is much more suspicious than that of a foreigner leaving England to go to his own country. A debtor will be held to absent himself if he makes it difficult for creditors to ascertain his whereabouts by secretly changing his abode, and by assuming an *alias*. The debtor who gives orders that he is to be denied to creditors or others will be held to "keep house," if it is shown that a creditor was unable to see him.

(e) *If execution against him has been levied by seizure of his goods under process in an action in any court, or in any civil proceeding in the High Court, and the goods have been either sold or held by the sheriff for twenty-one days:*

Provided that, where an interpleader summons has been taken out in regard to the goods seized, the time elapsing between the date at which such summons is taken out and the date at which the proceedings on

such summonses are finally disposed of, settled, or abandoned, shall not be taken into account in calculating such period of twenty-one days.

If a debtor allows his goods to be taken in execution in order to satisfy a debt, it is obvious that his affairs must be in a parlous condition. Consequently, if goods are seized by the sheriff, it is an act of bankruptcy to allow him to hold them for twenty-one days, or for the debtor to allow the goods to be sold after being seized. Sometimes, however, there is a dispute as to whether the goods really belong to the debtor. In these circumstances there are what are termed "interpleader" proceedings, that is to say, the court may be asked to say to whom the goods really belong. Should the goods turn out to belong to someone else, this would not be an act of bankruptcy.

(f) *If he files in the court a declaration of his inability to pay his debts or presents a bankruptcy petition against himself.*

If a debtor files a declaration that he is unable to pay his debts, he gives notice to persons who are likely to deal with him that he is insolvent. The declaration must be signed by either a solicitor, a justice of the peace, an official receiver, or the registrar of the court.

(g) *If a creditor has obtained a final judgment or final order against him for any amount, and execution thereon not having been stayed, has served on him in England, or, by leave of the court, elsewhere, a bankruptcy notice under this Act; and he does not, within seven days after service of the notice, in case the service is effected in England, and in case the service is effected elsewhere, then within the time limited in that behalf by the order giving leave to effect the service, either comply with the requirements of the notice or satisfy the court that he has a counterclaim, set-off, or cross demand which equals or exceeds the amount of the judgment debt or sum ordered to be paid, and which he could not set up in the action in which the judgment was obtained, or the proceedings in which the order was obtained.*

This is the act of bankruptcy upon which most petitions are founded.

Any person who is, for the time being, entitled to enforce a final judgment or final order is deemed to be a creditor who has obtained a final judgment or final order. The effect of the law is that if a man has a judgment against him for any sum which he cannot pay, he may have a petition presented against him, unless he satisfies the court that he has a counterclaim which equals or exceeds the amount of the judgment debt. A "final judgment" or "final order" is any judgment or order upon which the creditor may issue execution. Thus, where the creditor issues execution for the judgment debt without costs, this is a final judgment. A bankruptcy notice cannot be founded, however, on a consent order to pay taxed costs in an action for specific performance; nor upon an order dismissing an action for want of prosecution, and payment of costs by the plaintiff; nor upon an order enforcing an award. Where an agreement is substituted for the judgment, the right to issue a bankruptcy notice is lost. So where a bankruptcy notice founded on a judgment debt was withdrawn in consideration of a part payment, an agreement was made by the debtor to pay the balance by instalments. Upon the debtor making default in paying an instalment, it was decided that a bankruptcy notice could not issue in respect of the balance of the instalments, which was under £50.

A stay of execution raises the question whether the amount of the judgment debt is really due, and it, therefore, operates to prevent the issue of a bankruptcy notice. When the sheriff makes a levy for the purposes of an execution, a third person sometimes comes forward and claims that the goods are his property. In that case the sheriff must interplead. Where goods taken in execution are claimed by a third party, and an interpleader order is made, under which the sheriff withdraws, "execution has been stayed," and a notice cannot issue.

The notice may only issue for the amount for which the creditor is entitled to issue execution. Two judgments cannot be included in one notice; but the notice may issue when final judgment is entered for part of the claim endorsed on the writ, although leave to defend is given as to the remainder. As a married woman carrying on a trade or business can be made bankrupt, a bankruptcy notice in respect of any final judgment or order obtained against her, even if the judgment or order is limited to her separate property, can be served upon her. A bankruptcy notice served upon an infant is of no effect; but if the infant is a member of a partnership firm, and a judgment or order is obtained against the firm, bankruptcy proceedings may be taken against the firm other than the infant partner, though they cannot be taken against him. A notice may be served on a partnership firm in the firm's name. Forms of bankruptcy notices are to be found in the text-books on bankruptcy. They must be strictly complied with.

(h) *If the debtor gives notice to any of his creditors that he has suspended or that he is about to suspend payment of his debts.*

The declaration of inability to pay debts may amount to an act of bankruptcy, as a notice to suspend payment. The following announcements have been held to amount to acts of bankruptcy: "Being unable to meet my engagements as they fall due, I invite your attendance at the Guildhall Tavern on Wednesday next, at 3 p.m., when I will submit a statement of my position for your consideration and decision." "I am sorry to inform you that from my losses . . . I find myself in difficulties. I, therefore, consider it my best plan to call a meeting of my creditors. . . . Hoping for your forbearance." But it was held not to be an act of bankruptcy where the debtor's solicitors wrote: "We think it well to repeat what we stated to you at our interview, that a receiving order will be applied for immediately execution is issued." A notice under this section may be given orally to a single creditor. It must mean that the debtor intends to deal with his creditors collectively, and not merely with one or more individuals.

The above "acts of bankruptcy" are those set out in Section 1, sub-section 1, of the Bankruptcy Act, 1914. It is necessary, however, to notice, in addition, Section 107, sub-section 4, of the Act, which provides—

"Where, under Section 5 of the Debtors Act, 1869, application is made by a judgment creditor to a court having bankruptcy jurisdiction for the committal of a judgment debtor, the court may, if it thinks fit, decline to commit, and in lieu thereof, with the consent of the judgment creditor and on payment by him of the prescribed fee, make a receiving order against the debtor. In such case the judgment debtor shall be deemed to have committed an act of bankruptcy at the time the order is made, and the provisions of

this Act, except Part VII thereof, shall apply as if for references to the presentation of a petition by or against a person there were substituted references to the making of such a receiving order."

Part VII of the Bankruptcy Act, 1914, is that which refers to bankruptcy offences (*q.v.*).

ACT OF GOD.—This is a term which, generally speaking, signifies some unforeseen occurrence or natural cause which could not have been prevented by any reasonable foresight. It occurs most frequently in bills of lading and charter parties (*q.v.*). No person is legally responsible for loss resulting from an Act of God, unless special provision has been made by a contract entered into between parties that liability shall not be excused for any reason whatever. The same meaning and significance are attached to the term "force majeure."

ACT OF HONOUR.—A term used when a person not already liable as a party upon a bill, which has been dishonoured, accepts or pays it for the honour of (that is, to save the reputation of) the drawer or one of the indorsers.

ACTIO PERSONALIS MORITUR CUM PERSONA.—This is a legal maxim which signifies that a personal action dies with the person, *i.e.*, if either of the parties concerned in a matter dies, the right of action is at an end. The operation of the rule is now limited to torts, that is, to wrongs independent of contract, which are not triable by criminal process, and even this limitation has been further narrowed by statute.

Causes of action arising out of a contract are quite as much "personal" actions as those arising out of a tort, but with the exception of actions for breach of promise of marriage, and for purely personal contracts, such as the hiring of a servant, etc., the maxim does not apply to them. As far as an action for breach of promise of marriage is concerned, it has been generally accepted that if the plaintiff was able to prove special damage, the maxim did not even apply in such a case. This point must be considered as one of great doubt, owing to the *dicta* in the case of *Quirk v. Thomas*, 1916, 1 K.B. 516. With the two exceptions just noticed, therefore, if one of the parties to a contract dies, and an action has to be brought subsequently upon the contract, the executor or administrator of the deceased person is entitled to sue or to be sued upon it. But the rule was always the opposite as to torts. No matter how great the injury done or suffered, the death of either party at once put an end to any cause of action.

The statutory exceptions to the common law rule, so far as the real and personal estate of a deceased person are concerned, are contained in two Acts of Parliament, one of the reign of Edward III, and the other of the reign of William IV. The combined effect of these statutes and the judicial interpretation placed upon them is that executors and administrators have now the same rights of action, and are liable themselves to be sued in the same manner, as the deceased testators or intestates. The injury must have been done within six months of the death, and the action must be brought within six months after the time when the executors or administrators have entered upon their office.

The most general and important exception, however, is that created by the passing of what is known as Lord Campbell's Act in 1846. The Act, which was amended by another Act passed in 1864,

provides that the personal representative of a deceased person can sue for damages for the benefit of his near relatives if his death was caused by circumstances of such a character that he would himself, if he had lived, have had a cause of action on account of the injuries received by him. Action must be taken within six months of the death by the representatives of the deceased, otherwise those parties who would benefit by the damages awarded, if any, are entitled to bring an action themselves.

By the Employers Liability Act, 1880, and the Workmen's Compensation Act, 1906, a right of action, or an award on arbitration, is given to the representatives of a workman killed in the ordinary course of his employment. The articles dealing with these two Acts must be consulted upon this point.

The maxim is not applicable in Scotch law because the right of action transmits against the representative of a wrong-doer, in so far as they benefit by the succession to the deceased. Likewise a claim for damages transmits to the representatives of the sufferer.

ACTION.—A common definition of an action is "a civil proceeding commenced by writ, or in such other manner as may be prescribed by rules of court." The "Rules of Court" mean those rules and regulations which are made in accordance with statutory powers for the orderly conduct of actions, and without which the administration of the law would be reduced to a state of chaos. Action may be taken, under certain conditions, either in the High Court or in the proper county court. But a plaintiff must be careful to choose the county court if the action is one that can properly be tried there, or he may find himself mulcted in the costs of the proceedings, even though he happens to be successful in establishing his claim. By Section 116 of the County Courts Act, 1888, it is enacted, "with respect to any action brought in the High Court which could have been commenced in the County Court, the following provisions shall apply: if in an action founded on contract the plaintiff shall recover a sum less than twenty pounds, he shall not be entitled to any costs of the action, and if he shall recover a sum of twenty pounds or upwards, but less than fifty pounds, he shall not be entitled to any more costs than he would have been entitled to if the action had been brought in a county court; unless a Judge of the High Court certifies there was sufficient reason for bringing the action in that court, or unless the High Court or a Judge thereof at Chambers shall by order allow costs." If the action is one of tort, a similar rule applies, but the amounts are ten and twenty pounds respectively, instead of twenty and fifty. An action may be commenced in the High Court, and afterwards remitted to a county court, unless one of the parties can show good reason why the case should not be sent for trial to a county court. The jurisdiction of county courts in Chancery cases is applicable where the value of the matter in dispute does not exceed £500. In the winding-up of joint stock companies, the jurisdiction of certain county courts extends to those companies whose capital does not exceed £10,000. There are a few cases, notably breach of promise of marriage, libel, and slander, which must be commenced in the High Court, though they may be afterwards remitted to the county court. (See REMITTED ACTION.) By an Act passed in 1903, which came into force in 1905, the jurisdiction of the county court has been

extended, in most cases, to claims up to £100, instead of £50 as formerly. Consequently, unless there is some very special reason to the contrary, or unless it is pretty certain that judgment can be obtained under Order XIV (*q.v.*), no claim for an amount less than £100 should be commenced in the High Court. For many years it has been proposed to make drastic changes in these rules, but so far no legislation has provided otherwise than as above stated. (See **COUNTY COURTS**.)

As to the division of the High Court in which action should be taken, see **HIGH COURT**.

Although it is not legally requisite, any person who contemplates instituting proceedings should, as a precautionary measure, communicate, either personally or through a solicitor, with the proposed defendant, stating generally the nature of his or her grievance and the remedy demanded. The absence of any such communication is likely to be severely commented upon at the trial of the action, if such trial ever takes place.

An action is commenced in the High Court by a writ of summons, which is a command to the defendant to appear and answer to a claim made by the plaintiff. (See **WRIT**.) The nature of the claim is briefly stated in the indorsement of the writ. Before any further step can be taken the writ must be served (*i.e.*, brought to the notice or knowledge of the defendant). The service may be either personal or through an agent who has authority to accept service. If good grounds are shown of failure to serve the writ, *e.g.*, by reason of the defendant keeping out of the way, an order may be obtained for substituted service, *i.e.*, the court may direct in what manner service shall be made so as to bind the defendant. Within eight days of service the defendant must make up his mind whether he will allow judgment to go against him by default or whether he will contest the claim. In the former case he does nothing, and after the allotted time the plaintiff is at liberty to sign judgment against him. If there is a claim for damages, these are assessed in the sheriff's court (*q.v.*). If the case is to be contested, the defendant must enter an appearance (*q.v.*). The sequel will depend upon the nature of the indorsement and the defence which is set up. In some cases, especially in actions on bills of exchange, or when the claim is for the amount of goods sold and delivered, the whole matter may be quickly disposed of by what is known as procedure under Order XIV (*q.v.*). But if this course is not possible, the procedure to be followed is decided by a Master of the High Court, upon what is known as a summons for directions. Generally, the plaintiff will be ordered to deliver to the defendant a document called a statement of claim, in which all the particulars of the cause of action outlined in the indorsement of the writ will be fully detailed. The defendant, in turn, will be ordered to deliver his defence, with full particulars, and, in addition, will have to state any set-off (*q.v.*) or counterclaim (*q.v.*) which he desires to raise against the plaintiff. To this the plaintiff sometimes replies as far as the defence and set-off are concerned, and also states his own defence to the counterclaim, if any. These are called the pleadings in the action. If there are solicitors engaged, these pleadings will be served, or delivered through the post, if so agreed, from one to the other, and the parties will be made acquainted with the progress of the proceedings by their respective solicitors. If a defendant fails

to put in a defence, there will be an order for an assessment of damages in the sheriff's court. A practice has arisen quite recently under which cases of minor importance and involving small amounts are referred to a master (*q.v.*), and this has the same legal effect as an ordinary trial. It is admittedly a most expeditious method of dealing with claims, and has proved very satisfactory to litigants.

Many other steps may have to be taken before the case comes on for trial. Thus, if there are documents connected with the case to which reference ought to be made, each party must allow the other to inspect and take copies of them, and it may be required of each party that an affidavit (*q.v.*) of documents shall be made, so that one may not spring a surprise upon the other at the hearing of the case. Again, in order to clear the ground and leave the issue to be tried as simple as possible, either the plaintiff or the defendant may obtain an order to put certain interrogatories (*q.v.*) to his opponent, *i.e.*, questions as to matters relevant to the case in dispute, which questions must be answered on oath, and may be used at the trial. Again, after certain stages have been reached, a case may be sent to an Official Referee (*q.v.*). When all these preliminaries have been satisfied, the case is set down for hearing and the trial comes on in due course. Of course, there are certain fees to pay at almost every step, but these are not set out here.

A plaintiff may always discontinue his action and a defendant may always apply to withdraw his defence at any time before the trial takes place. This can only be done upon terms, but the procedure is of too technical a character to be detailed here. (See **ABANDONMENT OF ACTION**.)

At the trial all the points raised by the parties in the pleadings are adjudicated upon, and judgment is pronounced. The nature of the judgment depends entirely upon the claim set up. If the plaintiff fails to make out his case, judgment is given against him, and he is generally condemned in the costs of the proceedings. If, on the other hand, he succeeds, he obtains an order for relief, varying according to circumstances. In most cases of contract or tort the relief takes the form of an award of damages in money. But it is open to the court in some cases, *e.g.*, the sale of goods, to decree what is known as specific performance (*q.v.*). It may also order, if it thinks fit, that the contract shall be rescinded.

In partnership actions the judgment may order a dissolution of the partnership, and an account to be taken of the transactions between the partners. Another form of relief is injunction (*q.v.*), which is the converse of specific performance. The defendant is thereupon ordered to refrain from doing certain things which he has claimed to have a right to do. Thus is the ordinary form of judgment, either alone or in addition to an account, which a successful plaintiff obtains in cases of patents, copyright, etc. In cases of interpleader (*q.v.*), the court decides which of two parties is entitled to goods, etc., which are held by a third or independent person.

A judgment would be of little or no value unless the court gave special means of enforcing it. If it consists of an order to do, or to refrain from doing, certain things, the party in default renders himself liable, unless he obeys the order, to have a writ of attachment (*q.v.*) issued against him for contempt of court (*q.v.*), and he may be ordered to be imprisoned

during the court's pleasure or until he obeys the judgment. But if the judgment is an award of money damages, a writ of execution is the usual mode in which it is enforced. The most common form is that known as a writ of *fi. fa.*—a contraction of *fiat facias* (*q.v.*)—which commands the sheriff to seize and sell the goods of the debtor in satisfaction of the debt. If the order commands that the lands of the debtor are to be seized, it is called a writ of *elegit* (*q.v.*). When satisfaction cannot be obtained in either of these ways, and the debtor is entitled to receive money from any source, there is a method of attaching his interest by what is known as equitable execution. A receiver (*q.v.*) is appointed who is empowered to collect the debt and take what is necessary to meet the claims of the creditor. Again, if it appears that there are debts owing to the debtor, a garnishee order (*q.v.*) may be obtained, under which the debtors of the debtor will be compelled to pay over the amount of their debts to the creditor instead of to the debtor, and will obtain a discharge for so doing. If the debtor is entitled to any stocks, shares, etc., a charging order (*q.v.*) will sometimes be granted, which will have the effect of preventing him from dealing with the same without due notice to the creditor. In order to arrive at a true state of a debtor's financial position, the debtor may be required to submit to an examination as to his means. When all these efforts to enforce payment have failed, a judgment creditor sometimes seizes a bankruptcy notice upon the judgment debtor, and unless this is satisfied by payment or otherwise, bankruptcy proceedings may ensue. (See ACT or BANKRUPTCY.)

Lastly, if a debtor is contumacious, and refuses to pay his judgment debts, and if it is proved that he has had the means of doing so since the date of the judgment, he may be brought up before the court upon a judgment summons, and sentenced to a term of imprisonment for any period not exceeding six weeks.

When action is taken in a county court, the proceedings are commenced by what is called a plaint, or, in certain cases where the claim is for a liquidated amount, by a default summons (*q.v.*). There are special rules as to cases under the Employers' Liability Act and the Workmen's Compensation Act, which must be commenced in a county court. But generally the steps in a county court action, except that there are no formal pleadings as in the High Court, are similar to those in a High Court action, and judgments may be enforced in the same manner as detailed above.

An appeal may be brought from a decision of the High Court to the Court of Appeal, and afterwards from the Court of Appeal to the House of Lords. From a county court an appeal lies to a Divisional Court of the King's Bench Division, a tribunal composed of two or three judges. There is no appeal without the leave of the county court judge, in cases where the subject-matter in dispute is of less value than £20, and in all cases the appeal must be from the decision of the judge upon a point of law and not of fact. It has been proposed to extend this right of appeal by various bills which have as yet failed to pass through Parliament. (See COUNTY COURTS.) No appeal from a county court can go beyond the Divisional Court without special leave; but important cases have gone not only to the Court of Appeal, but also to the House of Lords. Appeals under the

Workmen's Compensation Act go direct from the county court to the Court of Appeal.

Generally speaking, no person can sue the Crown directly in respect of any grievance or demand. But provision is made by the Petitions of Right Act, 1860, by which an aggrieved person may apply for permission to sue; and if there appears to be a *prima facie* claim set up, leave will be granted to prosecute an action and, after the technical preliminaries have been satisfied, the case will proceed like any other action at law.

With the exception of foreign ambassadors and the members of their suites, the English courts have, in general, jurisdiction—and, therefore, an action at law can be maintained—over all persons resident in this country, in respect of all transactions therein. If an alien settles in England, and has a fixed determination of making his permanent home here, he is said to possess an English domicile (*q.v.*), and it is immaterial whether he intends to become a naturalised citizen or not. Aliens who are not domiciled are subject in all respects to the law of England so long as they are resident here; and it is the general opinion, although the point is not quite free from doubt, that their capacity to enter into the ordinary mercantile contracts is governed by the law of this country when the contracts are made in England. In other matters the capacity to contract is determined by the law of the domicile. For example, a domiciled Frenchman cannot contract a valid marriage in England unless he has the capacity to do so by the law of France. The above remarks refer to conditions existing in time of peace. In time of war, special legislation may make all the difference in the world. (See ALIEN.)

When, however, a contract is made between two persons with respect to a transaction to be carried out in another country, two other questions arise—

(1) In which country is an action to be brought for breach of the contract?

(2) What are the rights and liabilities which arise under the contract?

In the first place, it must be noticed that the English courts will refuse to entertain any jurisdiction as to any contract concerning land abroad. This is on the ground that it would be impossible to give effect to a judgment which might not be in harmony with the ideas and the law of the country in which the land was situated. Thus, if a dispute arises as to immovable property, that is land, in France, the parties must resort to the French courts for a settlement of their differences, even though the parties to the suit are resident in England. The same rule applies if the land is in Scotland or Canada, for since the systems of law of these countries are different from the law of England, their law is considered as much foreign law as the law of France.

A contract relating to movable property is valid in all parts of the world, if it is valid by the law of the country where it is made; and for this purpose a contract is supposed to be made at the place where an acceptance of an offer is signified. Therefore, if a contract is made abroad between two aliens (*q.v.*), or between an Englishman and an alien, who afterwards take up their residence in this country, an action may be brought upon it in an English court. But if the plaintiff only is resident in England, the possibility of bringing an action in an English court will depend upon whether service of the writ can be effected upon the defendant. The cases in which this can be done

are fully set out in Order XI of the Rules of the Supreme Court, and are of too technical a character to be discussed in detail in the present work. If the English courts refuse to entertain jurisdiction, the plaintiff must have recourse for any remedy to the courts of the country in which the defendant resides. (See **CONFLICT OF LAWS**.)

In the case of a tort committed abroad, the English courts will only assume jurisdiction, if both the parties are in this country, when it is shown that the act complained of is illegal in this country and wrongful by the law of the country in which it was committed.

When an action is brought in a foreign country and judgment is obtained against a defendant who is resident in England, and has no property in the country where the judgment is pronounced, an action may be brought upon the judgment in this country, and unless any irregularity or fraud is proved, it will be enforced here. But as the foreign judgment, unlike an English judgment, is only in the nature of a simple contract, action must be taken upon it within six years. An English plaintiff who obtains a judgment in any English court against a person, alien or other, resident abroad, can obtain similar satisfaction in the majority of civilised states by taking appropriate remedies.

ACTION ABROAD.—(See **ACTION**, **CONFLICT OF LAWS**.)

ACTION IN PERSONAM.—(See **INTERNATIONAL LAW**.)

ACTION IN REM.—(See **INTERNATIONAL LAW**.)

ACTIVE BONDS.—By active bond is meant a bond which bears a fixed rate of interest. Practically ninety-nine bonds out of every hundred do in effect bear a fixed rate of interest, and the term "active bond" is used in contradistinction to deferred bond, which is an obligation of a government, municipality, or company (usually the last named), the rate of interest on which gradually increases up to a certain specified rate, when it is exchanged for an active bond at the fixed regular rate. The term "active" before the words "bond" or "shares" is sometimes used to denote that dealings in that security are frequent.

ACTIVE CIRCULATION.—The notes which are in circulation, i.e., notes which have been issued from a bank of issue and are in the hands of the public, as distinguished from those which, though printed and complete, are in the possession of the issuing bank.

ACTIVE PARTNER.—The member of a partnership who takes a real part in the working of a business concern. He is, in this respect, opposed in character to a dormant or sleeping partner, or to a limited partner. (See **PARTNERSHIP**.)

ACTS OF PARLIAMENT.—Statutes or Acts of Parliament are laws made by the Sovereign, with the advice and consent of the Lords spiritual and temporal, and the Commons, in Parliament assembled (Blackstone's *Commentaries*). Acts of Parliament are either (1) public, (2) local or special, or (3) private or personal. Public Acts are those which affect the whole realm or important parts of it. Local Acts, which are very numerous, and have been, since 1798, printed in separate volumes from those which contain the public Acts, concern particular localities, as railway or gas and water Acts. Private Acts concern individuals and families only, as Acts naturalising a party, dissolving a marriage, or settling particular estates, and they may be either (a)

printed or (b) not printed. The Royal Assent to a Bill is given by the Sovereign in person or by commission. If the Royal Assent is given by commission, it can only be given to such Bills as are included in a schedule annexed to the commission. Formal promulgation is not necessary to make an Act binding. It begins to operate from the time when it receives the Royal Assent, unless some other time is fixed for the purpose by the Act itself. Where an Act is expressed to come into operation on a particular day, it comes into operation immediately on the expiration of the previous day. The ancient Acts of the Scotch Parliament were proclaimed in all the county towns, burghs, and even in the baron courts. This mode of promulgation was, however, gradually dropped as the use of printing became common; and in 1581 an Act was passed declaring publication at the Market Cross of Edinburgh to be sufficient. England, in an Act of Parliament, includes Wales and Berwick-on-Tweed. About 20,000 Acts of Parliament (not including local and personal Acts) have been passed since Parliament began, the earliest being the Statute of Merton (20 Hen. III, chs. 1-4) passed in 1235, and of these about 2,500 still stand wholly or partly unrepealed.

In the construction of Acts of Parliament, the first and most elementary rule to be applied is that the words and phrases are used in their technical meaning if they have acquired one, and in their popular meaning if they have not, and that the phrases and sentences are to be construed according to the rules of grammar. Formerly, the Bill was, at one of its stages, engrossed without punctuation, on parchment, but as neither the marginal notes nor the punctuation appeared on the roll, they formed no part of the Act. This practice was discontinued in 1849, since which time the record of the statutes is a copy printed on vellum by the King's printer. Both marginal notes and punctuation now appear on the rolls of Parliament, nevertheless they are not taken as parts of the statute. The introductory statement, if any, as to the purpose of the Act may be read as part of the statute. The indorsement by the Clerk of the Parliaments of the date of the passing of the Act is part of it since 1793.

ACTUARY.—The name given to a person who is specially skilled in calculations, particularly in applying the doctrine of mathematical probabilities to such matters as are connected with life insurance, annuities, reversionary interests, and other analogous matters. For the purpose of making returns which are required by law, there is an increasing number of persons who are employed in this difficult and important work, and it is impossible to give even a summary of the various fields into which their operations extend. The Institute of Actuaries has its offices at Staple Inn Hall, W.C., and the Faculty of Actuaries in Scotland is located at 14 Queen Street, Edinburgh.

ADDING MACHINE.—It has been said that a man ought not to be employed upon a task which a machine can perform, and it has now been proved, without doubt, that adding and calculating generally are to be reckoned amongst these tasks. One of the larger motives actuating the British mind in things mechanical is to make inanimate objects perform animate functions. In addition, the stress of modern business demands that the quickest methods shall be used both in manufacturing, distributing, and clerical work, and again the proof of

quick adding and calculating is on the side of the machine. Listing, adding, and checking account for a vast amount of time and a considerable expenditure in salaries in the modern office, and the fact that economy of time can be attained by adding machines is clearly evidenced by the fact that an enormous number of these machines are in use to-day. The adding machine, without the sense of reason, without the power of memory, is as accurate, precise, and comprehensive as the human brain dared ever to be.

It is, of course, impossible to give here an adequate idea of the vast range of work these machines cover, but they are used for every class of figure work into which additions or calculations of any kind enter. In banks, stores, and all business houses where a considerable amount of listing and adding of figures is necessary, an adding machine is as necessary to the efficient performance of the work as a typewriter or a letter file. The time saved by its use is a very real economy, the extent of which may be judged when one considers that an expert operator of an adding machine can add and list 500 cheques of different amounts in a little over six minutes.

Every kind of business can use an adding machine, and over 400 different lines of business are at present using a well-known make—the Burroughs—so that it will be seen that there must be a very wide range of work that they are capable of handling. There are over 350,000 Burroughs machines in use to-day. This mind without animate life—yet full of it—was the sole invention of William Seward Burroughs, a ledger clerk. It is said that he did not make the machine merely to sell; he simply wanted to see if it was possible to make a giant mathematician without the five senses.

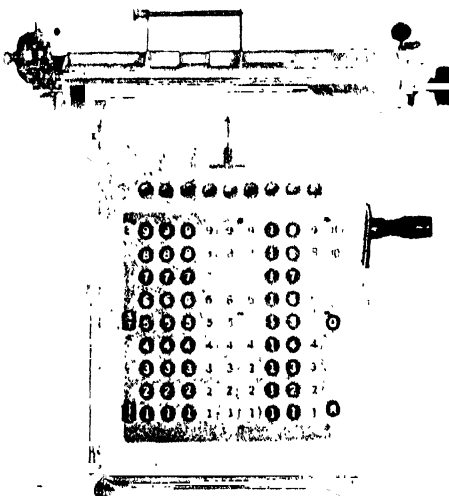
As manufactured some ten or twelve years ago, the Burroughs machine was usually a device for printing figures in columns upon a comparatively narrow roll of paper, and automatically adding such figures as and when required. Nowadays, however, it has been so far improved that it is for all practical purposes a typewriter as well as a mechanical calculator—a typewriter readily capable of preparing the most complicated tabular statements with ease and absolute accuracy, and at the same time possessing infinitely more durability than any ordinary typewriter upon the market.

One of the many uses of such a machine is the taking out and totalling of ledger balances. The folio number and amount of each balance is printed at one operation. When an account occurs which exactly balances, the handle of the machine is pulled once and a blank space is left opposite the folio number. Credit balances are printed by moving over the carriage (as would be done on a typewriter) to the credit column. The eliminating key is then depressed and the figures, though printed, are not added. These credits are totalled on the machine after all the debit balances have been listed and added.

Monthly statements of account may be made out in much the same way on an adding machine specially made for that purpose. This machine is arranged for the printing of the date and the item of the statement at the same time. When each statement is made out it is placed in the ledger at the folio from which the figures were taken, and the address afterwards added either by the typewriter or by the adding machine.

The adding machine may be used with advantage

for the purpose of checking ledger postings. If the postings are made into the ordinary book ledger, the location of each posting is shown by inserting a marker which projects above the top of the page. At the completion of the posting, the items posted—as indicated by the marker—are put through the adding machine and totalled, and this total, of course, should agree with the total of the book



from which the postings were made. If this system of checking is used in conjunction with a card ledger, no markers are necessary—the cards to which postings have been made being kept out of the drawer until the postings have been checked—or they may be distinguished by replacing them on their narrow side in the drawer, or by the affixing of small signals. Amongst the many uses for which the Burroughs Adding Machine is advertised, may be mentioned the following—

To add and list bank paying-in slips, travellers' and assistants' sales, monthly statements; ledger postings, cash received, daily cash balance, petty cash, trial balances, daily balance of sales ledger, profits on sales, purchases by departments, stocktaking, pay sheets, remittance letters, amount of invoice and discount, comparative statements, paid cheques.

To audit and check totals of sales book, cash book, invoices of purchases, invoices of sales, expense accounts, stock-keeping, pass book, etc. (See CALCULATING MACHINES.)

ADDRESSES, FORMS OF.—The following are the usual forms of address in the cases of the persons hereinafter mentioned—

King or Queen. To His (or Her) Most Gracious Majesty, King— (or Queen), Sire (or Madam), May it please Your Majesty. *Conclusion*—I have the honour to remain, Your Majesty's most humble (or obedient) Servant. *Verbal address*—Your Majesty.

Members of the Royal Family. To His (or Her) Royal Highness, Prince— (or Princess), Your Royal Highness. *Conclusion*—I have the honour to remain, Your Royal Highness's most humble (or obedient) Servant. *Verbal address*—Your Royal Highness.

Duke. To His Grace the Duke of —, My Lord

Duke. *Conclusion*—I beg to subscribe myself, Your Grace's most obedient Servant. *Verbal address*—My Lord, or Your Grace. *N.B.*—The eldest son of a duke takes his father's second title. The younger sons are known as Lord —, the Christian name and the surname being added.

Duchess. To Her Grace the Duchess of —, My Lady (or Madam). *Conclusion*—Same as for a Duke. *Verbal address*—My Lady, or Your Grace. *N.B.*—A duke's daughter is addressed as My Lady —, and even though married to a commoner she retains her title.

Marquis. To the Most Honourable the Marquis of —, My Lord Marquis. *Conclusion*—I have the honour to be, Your Lordship's most obedient Servant. *Verbal address*—My Lord. *N.B.* The eldest son of a marquis takes the second title of his father, and is addressed as if he were an earl or a viscount.

Marchioness. To the Most Honourable the Marchioness of —, My Lady. *Conclusion*—I have the honour to be, Your Ladyship's most obedient Servant. *Verbal address*—My Lady.

Earl. To the Right Honourable the Earl of —, My Lord. (If the title is a family name, the word "of" is omitted.) *Conclusion*—I have the honour to remain, My Lord, Your most obedient Servant. *Verbal address*—My Lord.

Countess. To the Right Honourable the Countess of —, My Lady. *Conclusion*—Same as for an earl, altered for lady. *Verbal address*—My Lady. *N.B.* The eldest sons of earls have the title of Lord, and their wives that of Lady. The younger sons are styled Honourable, and this title is also applied to their wives.

Viscount or Baron. To the Right Hon. Lord Viscount, or the Lord —, My Lord. *Conclusion*—Your Lordship's obedient Servant. *Verbal address*—My Lord. The wives of viscounts are addressed as My Lady. Sons and daughters are styled Honourable, and if the latter are married to commoners, they are addressed as The Hon. Mrs. —, or if to Baronets or Knights, The Hon. Lady —.

Baronet or Knight. To Sir — (and first Christian name), Bt., (or Knt.). Sir (and first Christian name). *Conclusion*—Your obedient Servant. (The wives of Baronets and Knights take the title Lady, and are addressed as My Lady, with the conclusion, Your Ladyship's obedient Servant.)

Lord Chancellor. My Lord. *Conclusion*—I have the honour to be, with great respect, Your Lordship's most obedient Servant. *Superscribe*—The Right Honourable The Lord Chancellor, etc., etc., etc.

Lords of Appeal in Ordinary. Begin and end as to Lord Chancellor. *Superscribe*—The Right Honourable Lord —.

Lord Chief Justice of England. Begin and end as to Lord Chancellor. *Superscribe*—The Right Honourable the Lord Chief Justice of England.

Master of the Rolls. My Lord (or Sir). *Conclusion*—I have the honour to be, My Lord (or Sir), Your (Lordship's) most obedient Servant. *Superscribe*—To the Right Honourable Lord — (or Sir —), Master of the Rolls; or His Honour The Master of the Rolls.

Lords Justices of Appeal. Sir (only addressed as My Lord when on the Bench). *Conclusion*—I have the honour to be, Sir, your most obedient and humble Servant. *Superscribe*—The Right Honourable The Lord Justice —; or The Right Honourable Sir —, Lord Justice of Appeal.

Judges. Sir (only My Lord or Your Lordship,

when on the Bench). *Conclusion*—I have the honour to be, Sir, Your most obedient and humble Servant. *Superscribe*—Hon. —, or if a Knight, Hon. Sir —.

Lord of Session. My Lord. *Conclusion*—I have the honour to be my Lord, Your Lordship's obedient and humble Servant. *Superscribe*—Honourable Lord —.

Privy Counsellor. To the Right Honourable —, Sir. *Conclusion*—Your obedient Servant. *Verbal address*—Sir.

Lord Mayor. To the Right Honourable the Lord Mayor of —. My Lord Mayor. His wife is styled Lady Mayoress, and is personally addressed as Your Ladyship. The Chief Magistrates of London, Birmingham, Bradford, Bristol, Cardiff, Hull, Leeds, Leicester, Liverpool, Manchester, Newcastle-on-Tyne, Norwich, Nottingham, Sheffield, York, Belfast, Dublin, and Cork are alone entitled to be addressed as Lord Mayor. The Lord Mayors of London and York are the only two entitled to the prefix Right Honourable.

Mayor. The Worshipful the Mayor of —. Sir.

Lord Provost and Provost. In Scotland the Provost takes the place of the English Mayor, and is addressed in the same manner with the verbal difference. Lord Provosts are those of Edinburgh, Glasgow, Aberdeen, Dundee, and Perth. The Lord Provost of Edinburgh is entitled to the prefix Right Honourable.

Councillors are generally addressed as Mr. Councillor So-and-so.

Ambassador. To His Excellency the Right Honourable —, or His Excellency the Ambassador for —, My Lord.

Archbishop. To the Most Rev. the Lord Archbishop of —. My Lord Archbishop, or Your Grace. *Conclusion*—I remain, My Lord Archbishop, Your obedient Servant. *Verbal address*—Your Grace. The Archbishop of Armagh is addressed as His Grace the Lord Primate of Ireland.

Bishop. The Right Rev. the Lord Bishop of —. My Lord.

Dean. The Very Reverend the Dean of —. Sir.

Archdeacon. The Ven. Archdeacon of —. Sir.

Clergy. The Revd (with Christian and surname).

Cardinal. His Eminence Cardinal —, or if also an Archbishop, His Eminence the Cardinal Archbishop of —.

Members of Parliament are addressed in the ordinary way, but have M.P. added to surname.

Military and Naval Officers. The professional rank should be prefixed to the name.

In addressing persons entitled to use any special initials after their names, it is customary to add these, or, if numerous, the principal of them.

Unless there is known to be a special desire to exhibit University degrees, the titles B.A., M.A., etc., should never be used except in official documents.

ADDRESSING MACHINE.—One of the most useful time-savers in an office, club, or institution which has a large list of regular customers or members is an addressing machine. By its use a junior clerk may address at a very modest estimate 1,000 envelopes or wrappers an hour without the liability of making mistakes. Stockbrokers who have a list of regular clients, newspapers with regular daily or weekly subscribers, stores with large mailing lists, and institutions which appeal

or write to the same persons frequently, find the machine almost indispensable.

There are two types of addressing machines in use: one with which embossed plates are used, and the other which prints the addresses through stencils.

Plate Machine. The principle of this machine is to have a plate punched for each name and address required, these plates being run into the machine and envelopes addressed as occasion requires. The plates are kept in trays, and can be arranged on the principle of the card index. When it is required to print addresses, the necessary address plates are placed into a tray fixed on the table of the machine. From this the addressing machine

subjected to pressure in printing. The "wallet" shape is expressly constructed to avoid seams below the printing surface.

ADEMPION.—This word has two meanings in law: (1) Where a specific legacy has ceased to exist at the time of the testator's death; (2) Where a parent gives a child a legacy, and afterwards a portion (*q.v.*), the legacy may be revoked or satisfied by the portion.

(1) Where a testator gives a legacy which consists of specific property, which can be shown to have belonged to the testator at the date of his will, and he afterwards sells or alters the description of the property, the legatee will not get his specific legacy, and what is known as ademption



The Addressograph.

automatically takes the plates, prints the address of each on to an envelope or wrapper fed into the machine, and puts each plate back in order into another tray placed underneath to receive it. At the printing point the plate is visible to the operator, so that, if necessary, any plate in the series may be selected for printing and others omitted, an essential feature when only a selection of the names have to be addressed.

Stencil Machine. This machine prints the addresses through stencils, which consist of manila fibre sheets in frames. The procedure in printing is much the same as with a plate machine.

Better results are obtained with addressing machines when addressing envelopes, if the latter are of what is called the "wallet" shape. With an ordinary envelope, the presence of so many seams across the middle precludes the making of an even impression when such an envelope is

will take place, *i.e.*, the destruction of the thing destroys the legacy. The thing given must at the time of the testator's death remain *in specie* as described in the will, *e.g.*, if the legacy is of a gold chain, or a piece of cloth, it will be adeemed or revoked if the testator sells the chain in his lifetime, or converts it into a cup, or if he parts with the cloth, or makes it into a suit of clothes. Ademption is, in short, a partial or complete revocation of a specific thing given by will by a subsequent event in the testator's lifetime other than a revocation by a testamentary instrument. The principle of ademption in this sense of the word applies to specific legacies only; and not to a demonstrative legacy, *i.e.*, a legacy given out of a particular fund, in which case, on the failure of the fund, the legatee will be entitled to satisfaction out of the general estate. (See LEGACY.)

If a testator makes a gift to one person in the

earlier portion of his will, and then makes a subsequent gift to another person of the same thing in his will, or in a codicil to his will, the inconsistency acts as an ademption or revocation of the prior legacy.

- With reference to specific legacies of debts, if A owes, say, £100 to a testator, and the testator bequeaths that debt to B, and A subsequently pays off the debt to the testator during the testator's lifetime, the legacy will be adeemed, for the subject of the legacy is destroyed and there is nothing remaining to which the words of the will can apply; and this rule applies equally whether the payment of the debt is voluntary or compulsory.

The doctrine of ademption applies equally to an appointment by will as it does to a bequest, e.g., if the testator exercising a general or special power of appointment, appoints by will, e.g., a horse to A, and either the horse or A is dead at the time of the testator's death, the gift will be adeemed, or will lapse, as the case may be.

Where stock is specifically bequeathed, and does not exist at the testator's death, the legacy, as a rule, will be adeemed; though if the stock was sold and afterwards re-bought by the testator, the matter is not quite so clear.

Where a testator has entered into a contract for the sale of a specific legacy which is enforceable against him at the date of his death, the legacy will be adeemed; but not so, if after the testator's death the contract is rescinded owing to a defect in the testator's title, enabling the buyer to rescind the contract.

The specific legacy of a share in a partnership will, however, not be adeemed merely by a change in the articles of partnership. Ademption may be also caused by removal of goods, e.g., a bequest of "all my books at my chambers in the Temple" was adeemed where the testator had removed the books into the country; but this rule will not apply where goods have been removed merely to escape fire, or by fraud, or without the testator's knowledge or authority, or where it is plain that the locality was not of the essence of the bequest, e.g., bequest of goods in a ship. A very common exception to the general rule is where the deceased had two houses, e.g., a summer and a winter house, which he occupied alternately, and owned one set of furniture only; in such circumstances a bequest would pass the furniture in whichever house it happened to be at the time of death.

Legacies of terms for years are also liable to ademption, e.g., if a testator bequeaths a lease of which he is possessed at the time of making the will, and which he surrenders before his death, the general rule is that in such case there will be an ademption, at any rate if he has the legal estate in the lease; but here, too, the legacy must be specific and there would be no ademption if the testator bequeathed, e.g., "all and singular, my leasehold estate, goods, chattels, and personal estate whatsoever."

It must, however, be observed that in no case where a change leaves a thing substantially the same as it was does the rule apply, and the question will depend on the facts in each case, e.g., if shares are converted into stock, there will be no ademption, but there will be if debentures are converted into debenture stock. Further, if the testator has so expressed himself as to make it clear he intends the legatee to have the benefit, whatever the condition or state of investment of

the gift at the time of death, there will be no ademption; but the gift will take effect if it is possible to trace the property. The ademption of a specific legacy is the natural consequence of the law that a will speaks from the death, for a testator cannot give what he has not.

It has often been said that the doctrine of ademption has, more frequently than not, frustrated the intention of the testator. The court will, however, if it can, give effect to the testator's intention; and in a recent case it was held that an executor cannot validly appropriate to herself, in satisfaction of a pecuniary legacy bequeathed to her, securities which had no ascertained value, the result being that a legacy of £1,000 bequeathed to the testatrix and bequeathed by her to a legatee was not adeemed, by reason of the testatrix having purported to appropriate to herself the securities in satisfaction of the legacy.

(2) As regards the ademption of legacies given as portions, the rule laid down is that where a parent gives a legacy to a child by will, it must be taken to be a portion, even though not so described in the will, because the law regards it as a provision made by a parent for his child; and if, after making the will, the parent advances a portion for that child, e.g., on marriage, the legacy will be completely adeemed, except where the advancement is less than the legacy, in which case the legacy will be adeemed *pro tanto*. The rule is due to the presumption against double portions, i.e., the law will not impute to a parent the intention of providing for a child twice over. The doctrine, however, does not apply to a devise of real property. Where the circumstance or admissible evidence shows that the advancement was not intended to be in substitution of the legacy, the rule will not apply. It will apply where the residue is given to children, and one child afterwards receives a portion. Where there is a variance between the legacy and the subsequent gift, this will not necessarily prevent ademption, the question being in each case whether they are portions or not, e.g., A bequeaths to his daughter £1,000, and subsequently settles £1,000 on her and her children at her marriage; or A settles, by will, a legacy on his daughter, and afterwards gives her the same sum; in both cases there will be ademption. Also where a legacy has been once adeemed, it will not be revived by a republication of the will by a codicil. It will have been observed that the rule applies only where the testator is a parent or *in loco parentis* to the legatee; where he is neither the one nor the other, the legacy will be considered simply as a bounty, and will not be adeemed by a subsequent gift, unless the legacy was given for a particular purpose, and the subsequent gift is made for the same purpose. A person *in loco parentis* is one who intends to put himself in the position of the rightful father of the child as regards the duty of making provision for the child, and evidence is admissible to show that a person has assumed that position. The rule *de minimis non curat lex* (i.e., the law takes no notice of trifles), of course, applies to subsequent gifts, and small occasional presents are not considered as portions. (See ADVANCEMENTS TO CHILDREN, LEGACY.)

ADEN.—This is the name of a small territory as well as of a port situated on the south coast of Arabia, on the Gulf of Aden, and about 100 miles east of the Strait of Bab-el-Mandeb. The harbour is excellent, and Aden itself is strongly fortified and

garrisoned. Being situated nearly half-way between Suez and Bombay, it is an important coaling station, and a place of great strategical interest since it came into the hands of the British in 1839, and more so since the opening of the Suez Canal in 1869.

Aden is politically a portion of British India, and the emporium of the whole trade of southern Arabia. It is also the centre of a British Protectorate over the neighbouring Arab tribes. Politically dependent upon it are the Somali Coast Protectorate (on the opposite continent of Africa), the Kuria Muria Islands (valuable for their guano), and the island of Socotra.

Although the climate is intensely hot, it is not unhealthy, and the slight rainfall has been provided against by the construction of excellent reservoirs, which give an abundant supply of fresh water.

The population, which is very mixed in character, amounts to about 45,000. Dates and coffee are the chief exports, though there is also some trade done in gums, spices, and ivory.

Mails are dispatched from Great Britain to Aden every Friday night. The time of transit is, normally, about ten days.

ADHESIVE STAMPS.—By the Stamp Act, 1891, it is provided (Section 7): "Any stamp duties of an amount not exceeding two shillings and sixpence upon instruments which are permitted by law to be denoted by adhesive stamps not appropriated by any word or words on the face of them to any particular description of instrument, and any postage duties of the like amount, may be denoted by the same adhesive stamps." By Section 9 it is provided—

"(1) If any person (a) fraudulently removes or causes to be removed from any instrument any adhesive stamp, or affixes to any other instrument or uses for any postal purpose any adhesive stamp which has been so removed, with intent that the stamp may be used again; or (b) sells or offers for sale, or alters, any adhesive stamp which has been so removed, or alters any instrument, having thereon any adhesive stamp which has to his knowledge been so removed as aforesaid, he shall, in addition to any other fine or penalty to which he may be liable, incur a fine of fifty pounds."

The stamp duty may be denoted by adhesive stamps in the following cases—

Agreement, where the duty is sixpence only.
Bill of Exchange, Inland (payable on demand, at sight, on presentation, or not exceeding three days after date or sight).

Bill of Exchange, Foreign (on demand or at sight, or not exceeding three days after date or sight, a postage stamp; others require "appropriated" adhesive stamps (*q.v.*)). On cheques drawn abroad, the ordinary impressed stamp is sufficient.

Bill of Lading.

Certified copy from register of births, marriages, deaths, etc.

Charter Party.

Cheque.

Contract Note (appropriated stamp).

Dock Warrant.

Lease of any dwelling-house, or part thereof, for a term not exceeding a year, at a rent not exceeding £10 per annum.

Lease of any furnished dwelling-house or apartments for a term less than a year.

Letter of Renunciation.

Notarial Acts.

Memorandum of deposit of marketable securities.

National Insurance cards.

Policy of Insurance where the duty is one penny other than sea or life insurance.

Proof of Debt in Bankruptcy (appropriated stamp).

Protest of Bill of Exchange or Promissory Note.

Proxy, where the duty is one penny.

Receipts.

Voting paper, where the duty is one penny.

Warrant for goods.

(See APPROPRIATED STAMPS, CANCELLATION OF STAMPS, STAMP DUTIES.)

ADJOINING OWNER.—The expression "owner" means the person, for the time being, receiving the rack-rent¹ of the premises, whether on his own account, or as agent or trustee for another (London Building Acts (Amendment) Act, 1905). The expression "adjoining owner" means the owner of land or buildings adjoining those of the building owner; and "adjoining occupier" means the occupier of land, buildings, stories, or rooms, adjoining those of the building owner (London Building Act, 1894).

An adjoining owner has a common law right to the support of his own land, that is to say, that if his neighbour should do anything on his (the neighbour's) land, whereby the land of the adjoining owner should slide away or fall in, owing to the excavations made by the neighbour, the adjoining owner can have legal redress. The common law right of the adjoining owner, in relation to buildings upon his own land, is of not so extensive a character. The adjoining owner can only obtain support for his buildings, if they rest against those of his neighbour, by an express grant made in writing, or by a grant implied by the acquiescence of the other party, or by prescription. The right of the adjoining owner which arises by prescription is created by long, uninterrupted user of the support afforded by the building of the neighbour. This long user implies that there was an original agreement between the parties created by words, by conduct, or by deed or writing, but in the latter case such deed or writing has been lost. The production of the deed does away with the doctrine of prescription.

The Prescription Act of 1832 declares that "time immemorial," as applied to the rights here being considered, dates from the reign of King Richard I. The adjoining owner is not required, however, to trace back his rights so far. If he has enjoyed the support of his neighbour's building for twenty years without interruption, that will be sufficient to prove his prescriptive right for all practical purposes. If the prescriptive right can be shown to have existed for forty years, it is then unassailable. Where the right concerned is the access and use of light, this right becomes absolute after an enjoyment of it, without interruption, for twenty years.

The matters of practical moment which affect adjoining owners are party walls, boundaries, fences, rights-of-way, rights to water, and rights to light. (See also PARTY WALLS.) A boundary may be a natural one, such as a river, and serves to divide one owner from another or one district from another. The river Thames is a natural boundary between county and county, and between parish and parish.

¹ Rack-rent is the best rent which the landlord can get for his property; it is not the amount he may at first demand, but that which he eventually agrees to take.

through much of its course. An artificial boundary made by man to indicate the limits of his property:

This is my boundary wall, *A. B.*, 1873. Any rection which serves to mark off the limits of the property of adjoining owners is a boundary.

The rights which adjoining owners have over the land or buildings of their adjoining neighbour are called easements. The adjoining owner who enjoys the right of looking out of his windows over his neighbour's property, owns what is called the dominant tenement, and he upon whose land or house the neighbour has the right to gaze owns the servient tenement. This rule applies to the right of support from the neighbour's wall, the right to draw water from the neighbour's well, and the right to walk or ride or drive over a way in the neighbour's land.

Note.—The word "dominant" implies "lordship," "masterfulness" (Latin, *dominus*, a master); whilst the opposite word "servient" implies "subjection" (Latin, *servus*, a slave).

ADJOINING TENEMENTS.—The two words comprising this title each need a short explanation. The word "adjoining" is to be construed as, physically touching; such will be the case of two or more houses, each of which is divided by a party wall. It does not matter how many houses there are in a block; there may be only two, there may be twenty. Each separate dwelling is divided by a party wall, and it is by that party wall that each separate dwelling physically adjoins its neighbour.

The words "tenement" and "tenements" have two meanings; the first is that which is applied by lawyers; the other is that in common use amongst the people. A tenement, in law, is a holding of any real property, whether it be corporeal, that is, which can be physically seen, or incorporeal, that is, which can only be conceived of by the mind and explained by the voice. The word "tenement" or "tenements" when used by the people means a dwelling-house or a building simply.

The Towns Improvement Clauses Act, 1847, exhibits the extended meaning of the word "tenement": "Any house, shop, warehouse, counting-house, coach-house, stable, cellar, vault, building, workshop, manufactory, garden, land, or tenement whatsoever." Elsewhere in the same statute the words occur: "And rubbish to be carried away from the houses and tenements of the inhabitants."

It is clear, therefore, that the term "adjoining tenement" may be the adjoining dwelling-house, shop, warehouse, or other kind of tenement which is expressly mentioned by statute, or which has received interpretation in the courts of law. An illustration of the extended meaning of the term is to be found in the fact that the long tunnels which now run under the Metropolis in every direction may each and all be legally described as lands, tenements, or hereditaments—lands, because the hollow of the tunnel is technically land; tenements, because it can be held by its present possessors (Latin, *teneo*, I hold); hereditaments, because it can be inherited by those who come after the present possessors (Latin, *heres*, an heir).

The conveniences excavated and built for public use by the public authorities are also legally described as lands, tenements, or hereditaments.

It has become a term of common speech to call certain houses tenement houses, to distinguish them from private self-contained dwelling-houses; so that a large building containing many sets of rooms, each set being inhabited by a private family,

is called a tenement building, if it be inhabited by the working classes; if, on the other hand, such a building be occupied by other classes, it is popularly called Princes Mansions or some such genteel appellation. The House Tax Act of 1808 describes this type of tenement house: "Where any house shall be let in different stories, tenements, lodgings, or landings, and shall be inhabited by two or more persons or families, etc."

ADJUDICATION OF BANKRUPT.—This may be conveniently discussed under two heads, viz., (a) Adjudication; (b) Annulment of Adjudication.

(a) **Adjudication.** Where a receiving order is made against a debtor, the court must adjudge him bankrupt (a) if the creditors at the first meeting or any adjournment thereof resolve that the debtor be adjudged bankrupt; or (b) if they pass no resolution; or (c) if the creditors do not meet; or (d) if a composition or scheme in pursuance of the Bankruptcy Act, 1914, is not approved within fourteen days after the conclusion of the examination of the debtor or such further time as the court may allow. Upon adjudication, the property of the bankrupt becomes divisible amongst his creditors and vests in a trustee. Notice of intention to apply for adjudication should, as a general rule, be given to the debtor, though such notice is not necessary. A debtor may himself apply to be adjudicated bankrupt at the time when the receiving order is made.

Notice of every order of adjudication, stating the name, address, and description of the bankrupt, the date of the adjudication, and the name of the court by which the adjudication is made, is gazetted and advertised.

(b) **Annulment of Adjudication.** Where the court is of the opinion that a debtor ought not to have been adjudged bankrupt, or where his debts are paid in full, the court may annul an adjudication. The court may also annul the adjudication where there is a composition or scheme after adjudication. (See COMPOSITION OR SCHEME OF ARRANGEMENT.) The "debts" above referred to are debts which have been rightly admitted to proof. Where some of the debts have been released, it cannot be said that the bankrupt has paid in full. The court cannot annul an adjudication made on the debtor's petition, merely because the debtor has no assets, nor because he is possessed of an inalienable pension, nor because, having no assets and being in possession of such a pension, he has presented his petition for the express purpose of preventing the application of the Debtors' Act, to compel him to pay a debt out of his pension. Where it appears that a debtor makes a practice of presenting petitions, the court will interfere and declare annulment. If the debtor has been guilty of offences against the bankruptcy laws, annulment is generally refused; as where, for instance, although the debts had been paid in full, the court refused to annul because the debtor falsified his statement of affairs and concealed his assets.

The effect of an order of annulment is that, subject to any *bonâ fide* disposition lawfully made by the trustee or the official receiver prior to the annulling of the bankruptcy, and subject to any condition which the court annulling the bankruptcy may by its order impose, the party whose bankruptcy is set aside is remitted to his original position. Where an adjudication is annulled, notice is given by the Registrar to the Board of Trade, in order that the annulment may be gazetted. Notice of an

application for annulment must be served on the Official Receiver.

ADJUDICATION ORDER.—(See ADJUDICATION OF BANKRUPT.)

ADJUDICATION STAMPS.—Where a doubt exists as to the stamp duty with which any instrument is chargeable, the opinion of the Board of Inland Revenue may be obtained as to the proper stamp. The instrument itself, and also a sufficient abstract thereof, must be lodged with the Controller of Stamps and Stores, Somerset House, and a separate abstract must be lodged with each deed. No document can be received for adjudication until it has been executed by all necessary parties. A security for advances without limit cannot be the subject of adjudication. Where it is claimed that collateral, auxiliary, additional, or substituted security duty only is payable, the principal or primary security must be produced before adjudication. In the case of a transfer of mortgage, the amount of interest in arrears (if any) at the date of transfer must be stated.

The regulations of the Stamp Act, 1891, with regard to these stamps are as follows—

"Section 12. (1) Subject to such regulations as the Commissioners may think fit to make, the Commissioners may be required by any person to express their opinion with reference to any executed instrument upon the following questions:

(a) Whether it is chargeable with any duty.

(b) With what amount of duty it is chargeable.

"(2) The Commissioners may require to be furnished with an abstract of the instrument, and also with such evidence as they may deem necessary, in order to show to their satisfaction whether all the facts and circumstances affecting the liability of the instrument to duty, or the amount of the duty chargeable thereon, are fully and truly set forth therein.

"(3) If the Commissioners are of opinion that the instrument is not chargeable with any duty, it may be stamped with a particular stamp denoting that it is not chargeable with any duty.

"(4) If the Commissioners are of opinion that the instrument is chargeable with duty, they shall assess the duty with which it is in their opinion chargeable, and when the instrument is stamped in accordance with the assessment it may be stamped with a particular stamp denoting that it is duly stamped.

"(5) Every instrument stamped with the particular stamp denoting either that it is not chargeable with any duty, or is duly stamped, shall be admissible in evidence, and available for all purposes, notwithstanding any objection relating to duty.

"(6) Provided as follows—

"(a) An instrument upon which the duty has been assessed by the Commissioners shall not, if it is unstamped or insufficiently stamped, be stamped otherwise than in accordance with the assessment;

"(b) Nothing in this Section shall extend to any instrument chargeable with *ad valorem* duty, and made as a security for money or stock without limit; or shall authorise the stamping after the execution thereof of any instrument which by law cannot be stamped after execution;

"(c) A statutory declaration made for the purpose of this Section shall not be used

against any person making the same in any proceeding whatever, except in an inquiry as to the duty with which the instrument to which it relates is chargeable; and every person by whom any such declaration is made shall, on payment of the duty chargeable upon the instrument to which it relates, be relieved from any fine or disability to which he may be liable by reason of the omission to state truly in the instrument any fact or circumstance required by this Act to be stated therein."

By Section 13 any person who is dissatisfied with the assessment of the Commissioners may, within twenty-one days after the date of the assessment, and on payment of duty in conformity therewith, appeal to the High Court. If the assessment is confirmed, the court may make an order for payment to the Commissioners of the costs incurred by them in relation to the appeal.

By Section 74 (s. 2) of the Finance (1909-10) Act, 1910, notwithstanding anything in Section 12 of the Stamp Act, 1891 (quoted above), the Commissioners may be required to express their opinion under that Section on any conveyance or transfer operating as a voluntary disposition *inter vivos*, and no such conveyance or transfer shall be deemed to be duly stamped unless the Commissioners have expressed their opinion thereon in accordance with that Section. (See INCREMENT VALUE DUTY.)

ADJUSTER, AVERAGE.—(See AVERAGE STATER.)

ADJUSTMENT.—This is a term found in marine and fire insurance policies, but mainly in the former. It is used to signify the exact amount of indemnity to which the person insured is entitled under the policy, when all the necessary deductions and allowances have been made. A marine policy is generally indorsed by the underwriters as follows—

Adjusted this loss at per cent., payable at

ADMEASUREMENT.—The measurement made in order to ascertain the tonnage of a ship.

ADMINISTRATION OF ASSETS.—This is the managing by executors and administrators of the property of deceased persons committed to their charge, paying the outstanding debts, and dividing the surplus assets among the persons entitled to them. These duties have frequently to be carried out under the direction of the court in what is called its administrative jurisdiction, as opposed to its jurisdiction in contentious matters, where it has to decide a dispute between two parties. The administration of the estates of deceased persons is assigned to the Chancery Division of the High Court. Administration is either with the will annexed, where the deceased has left a will, or simple administration where the deceased has died wholly intestate. The grant of administration may be either general, or for a limited time, *e.g.*, *durante absentia*, or for a limited purpose, *e.g.*, *de bonis non administratis*. (See ADMINISTRATOR.)

All questions as to legitimacy as regards succession to personalty are decided by the law of the deceased's domicile (*q.v.*); but in order to succeed to real property in England the claimant must be legitimate by English law, *e.g.*, where a child has been born before the marriage of his parents, and has subsequently been legitimised according to the law of his domicile by the marriage of his parents, such child will succeed to English personalty on the death of a parent intestate, but not to real property, for he cannot be legitimate according to English law. The court has wide powers of

making grants to outsiders as well as to the next-of-kin, provided there is no one entitled to administration, and grants are frequently made to creditors. Where a limited grant, e.g., *pendente lite*, for a particular time or purpose has been made, a new grant must be made when the time or purpose has been fulfilled. This latter may be an absolute or permanent grant following on a temporary grant, e.g., an absolute grant following on a grant *de bonis non*, or *durante minore aetate*.

There are special rules in the administration of assets, which are applicable both to the order in which the assets are to be devoted to the payment of debts and also to the order in which the debts are to be paid; for the former, see ADMINISTRATION ORDER. The order in which the debts are payable is—

(1) Reasonable funeral and testamentary expenses.

(2) Debts due to the Crown in respect of rates or taxes.

(3) Debts to which special statutes have given priority, such as liabilities under Friendly Societies Acts.

(4) Judgment debts registered against the deceased, and judgment debts unregistered recovered against the executors or administrators.

(5) Recognisances and statutes

(6) Specialty contracts, if for valuable consideration, and also simple contract debts, as well as unregistered judgment debts obtained against the deceased. Until the passing of *Hinde Palmer's Act, 1869*, specialty debts had priority over simple contract debts. They are now on the same footing.

(7) Voluntary bonds and covenants. But if a voluntary bond has been assigned for value during the lifetime of the deceased, it will rank as though it had been originally given for valuable consideration.

As regards administration by the court, it may be noted that the modern practice has greatly helped to diminish the tedious and expensive delays which formerly characterised the Court of Chancery. The court has now the power of determining with directness and despatch questions which were formerly decided only after expensive and sometimes useless accounts and inquiries had been taken. At the present time, where proceedings are commenced by originating summons, the executors or administrators of deceased persons, and the trustees under any deed or instrument, and any person claiming to be interested as creditor, devisee, legatee, next-of-kin, or heir-at-law, or customary heir of a deceased person, may apply, without an administration of the estate or trust, for the determination of any of the following questions—

(a) Any question affecting the rights or interests of the person claiming to be creditor, devisee, legatee, next-of-kin, or heir-at-law, or *cestui que trust* (*q.v.*).

(b) The ascertainment of any class of creditors, legatees, devisees, next-of-kin, or others.

(c) The payment into court of any money in the hands of the executors or administrators, or trustees.

(d) The furnishing of any particular accounts by the executors or administrators, or trustees, and the vouching (when necessary) of such accounts.

(e) Directing the executors or administrators or trustees to do or abstain from doing any particular act in their character as such executors or administrators or trustees.

(f) The approval of any sale, purchase, compromise, or other transaction.

(g) The determination of any question arising in the administration of the estate or trust.

Any of such persons may apply for and obtain an order for administration. Where the amount or value of an estate does not exceed £500, the county court can exercise jurisdiction in administration matters.

As regards the administration of small estates, by the Public Trustee Act, 1906, any person who in the opinion of the public trustee (*q.v.*) would be entitled to apply to the court for an order for the administration by the court of an estate, the gross capital value of which is proved to his satisfaction to be less than £1,000, may apply to the public trustee to administer the estate, and where any such application is made and the public trustee is of opinion that the persons beneficially entitled are persons of small means, he is to administer the estate, unless he sees good reasons for refusing to do so. Upon his undertaking the administration, by declaration in writing and sealed by him, the trust property other than stock vests in the public trustee, by virtue of the Act, and he has the right to call for a transfer of any stock forming part of the estate, in the same manner as if a vesting order had been made for the purpose under the Trustee Act, 1893. Also, where proceedings have been instituted in any court for the administration of an estate, and where it appears from its small value that the estate can be more economically administered by the public trustee than by the court, the public trustee may be directed to act just as though the administration had been effected by the application of any person beneficially entitled to make the same (See ADMINISTRATOR, EXECUTOR, LETTERS OF ADMINISTRATION.)

ADMINISTRATION ORDER.—When the estate of a deceased person is insufficient to pay his debts and his legacies in full, the assets must be applied in a certain order, and the executor, where there is any doubt as to the solvency of the estate, should abstain from any interference with the assets without professional advice. To take a simple example, an executor should not sell a specific legacy, such as a ring, or a horse, to pay a creditor until he has exhausted the residuary personal estate and other assets. There are special rules in the administration of assets which are applicable both to the order in which the assets are to be applied to the payment of debts, and also to the order in which the debts are to be paid. The assets are to be applied in this order: (1) The general personal estate not bequeathed, or bequeathed by way of residue only; (2) real estate devised for the payment of debts; (3) real estate descended; (4) real estate devised specifically or by way of residue and charged with the payment of debts; (5) general pecuniary legacies, including annuities; (6) specific legacies, and real estate devised and not charged with the payment of debts; (7) property specifically appointed by the deceased's will under a general power of appointment.

Where there is an intestacy, the administrator should apply all the personal estate before having recourse to any part of the real estate. This process is known as "marshalling the assets." (See AGENTS.) This order of administering the assets concerns the beneficiaries themselves chiefly; for a creditor who has obtained a judgment against the personal representative can resort to any part of the estate to satisfy his judgment; and if the creditor takes the property of a specific legatee, the latter is

entitled to be compensated out of all the property liable before specific legacies. The personality not bequeathed or bequeathed only as residue being thus primarily liable for the payment of debts, it is not enough that other property is charged with the payment of debts, but to escape from its primary liability, such personality must be expressly exonerated by the will. (See also ADMINISTRATION OF ASSETS, ADMINISTRATOR, EXECUTOR.)

The expression "administration order" is also applied to an order made by the court in the case of small bankruptcies for the summary administration of the estate of the debtor. Where judgment has been obtained in the county court, and the debtor who is unable to pay alleges that his liabilities do not exceed £50, the court may make an administration order providing for the payment of the debts by instalments or otherwise, either partially or in full, and subject to conditions as to future earnings or income. Notice of the order is sent to each creditor; and any creditor, on proof of his debt before the registrar, may be scheduled as a creditor to the amount of his proof. Any person who, after the date of the order, becomes a creditor of the debtor, may also be scheduled as a creditor, but he is not entitled to any dividend until the first creditors have been paid. If the property exceeds £10 in value, the registrar must, at the request of any creditor, and without fee, issue execution against the debtor's goods. Household goods, wearing apparel, etc., to the value of £20 cannot be seized. When the amount received under the order is sufficient to pay each creditor scheduled to the extent thereby provided, and the costs of the plaintiff and of the administration, the order is suspended, and the debtor discharged from his debts to the scheduled creditors.

ADMINISTRATIVE COUNTY.—This name is given to the county or to that portion of a county which possesses a county council of its own and has also a separate administration. It signifies, in fact, the area or division which is created for administrative purposes and for purposes of local government. In the majority of cases the administrative county coincides with the geographical county, but there are certain exceptions. Thus, the administrative county of London is made up of various small portions of different counties. Again, in Yorkshire, there are three separate administrative counties: the East Riding, the North Riding, and the West Riding. Similarly, in Lincolnshire, there are also three administrative counties known as the Parts of Holland, the Parts of Kesteven, and the Parts of Lindsey. One more instance of a separate administrative county may be given, viz., the Isle of Ely.

ADMINISTRATOR.—This is the person appointed, where the deceased person has left no will, to administer or wind-up the estate of the deceased. The feminine form of the word is *administratrix*. An executor (*q.v.*), on the other hand, is the person appointed by a testator to see that the directions contained in his will are carried into effect. In most cases the administrator is a near relative of the deceased; but if the proper person to take out letters of administration fails to do so, any other person who is entitled to make a claim against the estate, especially a creditor, may apply that letters of administration shall be granted to him.

An administrator is also appointed to act, even when the deceased has left a will, in the following cases and under the following names—

(1) **Administrator pendente lite.** Where he is appointed pending a lawsuit; in any case, where there is a dispute respecting the validity of a will or other matter, provided the appointment is necessary. Administrators appointed in this way must exhibit an inventory and render an account. If the parties agree to nominate a person as administrator, the court will usually accept him; otherwise it will use its own discretion.

(2) **Administrator de bonis non administratis** (generally contracted into *administrator de bonis non*). Where executors or administrators have obtained grants, but have not fully administered the estate, the court will appoint some person to complete the administration. Where executors have been originally appointed, it will not, as a rule, be necessary to appoint an administrator *de bonis non*, because if the executor has himself appointed executors by his will, the right of the executor originally appointed to administration will pass to his own executors. Where there are more executors than one, the right to administer passes to the survivor or survivors on the death of an executor; consequently it is only when there is no executor or the chain of executors is broken that a grant *de bonis non* is made. As regards administrators, there is no line of succession, for each administrator derives his title from the court only, and the administrator of a deceased administrator has no inherent right to administer the original estate. As a result, where an administrator has not fully administered the estate, an administrator *de bonis non* will be required. Generally speaking, the grant will be made to the applicant who has the largest interest.

(3) **Administrator ad litem.** This is the person who is named administrator of a deceased person's estate for the purposes of litigation only.

(4) **Administrator durante minore aetate, or during minority.** Where an executor, who is under age, has been appointed by the will, the court will appoint an administrator during the executor's minority. The person usually selected is the guardian of the minor, and a guardian appointed by the will will be usually preferred to one chosen by the minor himself. If a minor's father dies, his mother becomes his legal guardian.

(5) **Administrator durante absentia.** Where the executor has gone abroad, a limited grant of administration will be made during his absence. Where an executor or administrator has first obtained a grant and then left the kingdom, a grant will still be made, provided that he is abroad at the expiration of a year from the death of the testator or intestate. The next-of-kin, or legatees, or creditors may apply. When the executor returns, the limited grant to the administrator will generally come to an end. During the absence of an executor a grant may be made to his attorney (*q.v.*). If the absent executor dies, the grant to the administrator determines.

(6) **Administrator during Lunacy of Executor or Administrator.** Where a sole executor or administrator becomes a lunatic, the grant will usually be made to his committee (*q.v.*) in preference to the next-of-kin.

(7) **Administrator cum testamento annexo.** This is the title given to an administrator who obtains a grant of letters of administration when the testator has left a will, but has not appointed an executor; or when the executor named has died, or refuses or is unable to act. An administrator

with the will annexed is required to give security; otherwise his position and duties are like those of an executor. Where an executor has proved the will, and partially administered the estate, and then dies intestate, a grant *de bonis non* with the will annexed will be made.

It may be noted that while the property of a deceased person vests in his executor upon his death, it only vests in his administrator from the date of the grant of letters of administration, although for some purposes the grant will relate back to the death, so enabling the administrator to support an action on behalf of the deceased's estate. From the date of the death until the grant of the letters of administration the personal estate vests in the President of the Probate Division, while the real estate now devolves temporarily upon the heir-at-law. Co-executors are regarded by the law as one individual person, and the acts of one in the administration of the deceased's effects are regarded as the acts of all, and the powers of one of several administrators are apparently the same in this respect as those of one of several executors.

When an administrator is appointed, he occupies practically the same position as an executor. The rights and duties of executors and administrators are generally the same, except that the executor must carry out the directions contained in the will of the deceased, whilst the administrator has nothing further to consider than the obligations laid upon him by the law. Like an executor, he can claim no remuneration for his services, though he is entitled to all legitimate expenses incurred in the administration.

There is, however, one important matter to be noticed in respect of an administrator's appointment. The testator is supposed, by the mere fact of choosing and naming his own executor, to have had sufficient confidence in his nominee to carry out his instructions. The law acts upon this presumption, and unless objections are raised, there is no security required on the part of the executor. With an administrator, however, it is different, and no appointment will be made until he has entered into a bond to administer faithfully the estate committed to his charge. He must give a bond to the President of the Probate Division, with one or more sureties, conditioned for due collection and administration of the estate. It must generally be in a penalty of double the amount under which the estate and effects of the deceased shall be sworn. A husband need not now join in the administration bond on the grant of administration to his wife. Since 1897, the real property, as well as the personal property, of the deceased is vested in the administrator when appointed in the first instance.

On the assumption that there is a will, the proper person to apply, in the first place, for administration is the universal or residuary legatee. If there is no such legatee, the right to apply for administration is given in a well-recognised order. As a rule, unless there are serious difficulties, the first person to apply for administration, where there is no executor and no residuary legatee, is the widow or the husband of the deceased; but if there is no widow or no husband, or if either refuses to act, the right to apply devolves upon the next-of-kin in the following order: (1) child; (2) grandchild; (3) great-grandchild; (4) father; (5) mother; (6) brother or sister; (7) grandfather or grandmother; (8) nephew, niece, aunt, great-grandfather,

or great-grandmother; and (9) great-nephew or great-niece. All the persons comprised in any one of these classes, when there are more than one, are seldom appointed together. An application by more than one person is not favoured by the court. It is generally the will of the majority of any of the classes which prevails, and the male is preferred to the female. Take class (6), for example: Suppose that a deceased testator has left no widow, nor any person belonging to the first five classes, but has left brothers and sisters surviving. They are entitled to the administration, and it is for the majority to decide which of the brothers shall apply, if he is willing to do so. It makes no difference whether the brother selected is the eldest or the youngest. If, however, the numbers of the class are such that a majority is not obtainable, and more than one of the brothers applies for administration, that one is frequently appointed who first applies, other things being equal. Where there is an intestacy, *i.e.*, where the deceased person has left no will, the same rules apply, *i.e.*, the surviving husband or wife has the first claim, then one of the surviving children (if the husband or wife is dead), afterwards one of the grandchildren, and so on; but no member of any class has the right to administration until the whole of the preceding class is either non-existent or refuses to act, or is passed over for some sufficient reason.

Administrators are subject to the same disqualifications as executors, and, in addition, a bankrupt cannot be an administrator. Minors cannot act as administrators, for they cannot execute the administration bond. A married woman can act, and since 1882 her husband need not join in the bond. A grant will not be made to more than three persons. Since 1897, the heir-at-law is to rank equally with the next-of-kin as entitled to a grant of administration. Where a foreign court has appointed a legal personal representative, he will generally be recognised here, but he must take out letters of administration. Where a bastard has died intestate without issue, the Crown takes out administration through the Treasury Solicitor, but now only takes a portion of the assets, leaving the balance to go to the natural relatives.

Until some person is appointed to deal with an intestate's estate, nothing can properly be done as regards administering the property of the deceased, except acts of extreme necessity. It is the court which gives the power to act, and for this purpose letters of administration are granted. There is seldom any difficulty in getting an administrator to a solvent estate of any considerable value, for the persons likely to benefit are generally ready to administer. Application should be made for letters of administration to the special office at Somerset House. The applicant must bring the certificate of death of the deceased, or an official certificate of burial, and be able to supply a full detailed account of the property and the debts of the deceased. Two sureties to the administration bond are required in all cases of administration or administration with the will annexed, except where the husband or his attorney, or his legal personal representative, is the administrator, or where the total estate is sworn at a sum not exceeding £50, in which case one surety alone is necessary. Where a wife is administratrix of the estate of her deceased husband, she is not entitled to the privilege which he would have enjoyed if he had survived, her and become the administrator of her estate. She, like

any other person where the estate exceeds £50, must provide two sureties for due administration. The application must be made personally and not by letter, and the intervention of an agent is forbidden. If the death has occurred in the country, the application may be made either to the local Probate Registry or to Somerset House. Further, if the total estate is of no greater value than £500, the matter can be carried through at a local Inland Revenue office; and if it is less than £100, and the widow resides more than 3 miles from any Probate Registry, application may be made to the registrar of the local county court. But if the estate is insolvent, if, in fact, it is known by the next-of-kin that the debts are extremely numerous and the assets small, there is generally a difficulty in inducing any of the next-of-kin to undertake the task of administration. It is then usual for a creditor to move the court that letters of administration shall be granted to him. Upon good cause being shown, there is no difficulty in obtaining a grant; but the creditor is obliged to enter into a bond to carry out his duties to divide the estate ratably, and not to prefer one creditor over another. A creditor taking out administration would certainly be well-advised in consulting a solicitor at the earliest opportunity. (See ADMINISTRATION OF ASSETS, ADMINISTRATION ORDER, EXECUTOR, INTESTACY, LETTERS OF ADMINISTRATION.)

ADMIRALTY COURT.—On the revival of commerce after the fall of the Western Empire, and the conquest and settlement by the barbarians, it became necessary that some tribunal should be established that could hear and decide causes that arose out of maritime commerce. The rude courts established by the conquerors had properly jurisdiction of controversies that arose on land, and of matters pertaining to land, that being at the time the only property that was considered of value. To supply this want which was felt by merchants, and not by the government or the people at large, on the coast of Italy and the northern shores of the Mediterranean, a court of consuls was established in each of the principal maritime cities. Contemporaneously with the establishment of these courts grew up the customs of the seas, partly borrowed from the Roman law, but more out of the usage of trade and the practice of the sea. These were collected from time to time, embodied in the form of a code, and published under the name of the *Consolato del Mare*. The first collection of these customs is said to be as early as the eleventh century; but the earliest authentic evidence there is of their existence is their publication, in 1266, by Alphonso X, King of Castile. On Christmas of each year the principal merchants made choice of judges for the ensuing year, and at the same time, of judges of appeal, and their courts had jurisdiction over all causes that arose out of the custom of the sea, that is, over all maritime causes whatever. When this species of property came to be of sufficient importance, and especially when trade on the sea became profitable and the merchants began to grow rich, their jurisdiction in most maritime states was transferred to a court of Admiralty; and this is the origin of the Admiralty jurisdiction. The court had jurisdiction over all national affairs transacted at sea, and particularly over prizes; and to this was added jurisdiction over all controversies of a private character that grew out of maritime employment and commerce; and this, as nations grew more

commercial, became in the end its most important jurisdiction.

This court was erected in England by Edward III, and was anciently styled the Court of the Lord High Admiral, and the judge who presided in it was called the admiral's lieutenant or deputy. Formerly, the court was not a court of record (*q.v.*), but in 1861 it was constituted a court of record by statute. The jurisdiction of the court as an instance court must not be confounded with the jurisdiction of an entirely distinct character in prize cases, which had usually been conferred on the judges of the Court of Admiralty in times of war. The instance Court of Admiralty originally exercised not only civil but criminal jurisdiction; but now offences committed within the jurisdiction of the Admiralty are triable before the ordinary tribunals. The court also in former times possessed authority to administer discipline in the Royal Navy, but that portion of its jurisdiction is now exercised by naval courts-martial. The criminal jurisdiction of the instance court extended over all offences committed on the high seas, not triable by the common law courts, viz., murder, treason, piracy, and felony on the high seas, and murder, mayhem, in great ships hovering in the main stream of great rivers beneath the bridges of such rivers nigh the sea; but since 1844 all offences committed within the jurisdiction of the Admiralty were made triable in the county where the offender was in custody, as if they had been committed in that county. The civil jurisdiction inherent in the instance court appears to have been restricted to torts to property, and in some cases to persons, and salvage on the high seas, suits for possession of ships, hypothecation of ships' freights and cargoes, seamen's wages, restitution of goods practically seized on the high seas. The law which it administered was the general maritime law, as adopted by itself from maritime customs and laws common to all nations. "The law which is administered in the Admiralty Court in England is the English maritime law. It is not the municipal law of the country, but it is the law which the English Court of Admiralty, either by Act of Parliament, or by reiterated decisions and traditions and principles, has adopted as the English maritime law. Neither the laws of the Rhodians, nor of Oleron, nor of Wisby, nor of the Hanse Towns are of themselves any part of the Admiralty law of England, but they contain many valuable principles and statements of marine practice, which, together with principles found in the Digest, and in the French and other ordinances, were used by the judges of the English Court of Admiralty when they were moulding and reducing to form the principles and practice of their Court." (Lord Esher, in *Gas Float Whilton*, No. 2, 1896, p. 42.)

In 1873 the Admiralty Court ceased to exist as a separate tribunal, for by the Judicature Act of that year the jurisdiction vested in, or capable of being exercised by, the High Court of Admiralty was transferred to and vested in the High Court of Justice, and by Section 34 all causes and matters which would have been within the exclusive cognisance of the High Court of Admiralty were assigned to the Probate, Divorce, and Admiralty Division. Although the Admiralty Court was by the Act of 1873 merged in the High Court, its ancient characteristics are still marked by the silver oar placed before the judge in court as emblematic of maritime jurisdiction by its marshal, by its nautical assessors, who are members of Trinity House (*q.v.*),

by its peculiar procedures, by its action *in rem* (*q.v.*), and by its doctrine as to maritime lien. There is a right of appeal, as in the case of other divisions of the High Court, to the Court of Appeal.

In minor cases there is a limited jurisdiction in Admiralty matters conferred upon the county courts, which, beginning in 1868, has been gradually extended by subsequent legislation. From the county court there is a right of appeal, in certain instances, to a Divisional Court, composed of the two judges of the Probate, Divorce, and Admiralty Division.

In Scotland there is no separate court dealing with Admiralty matters, the Court of Session, the Court of Justiciary, and the sheriffs' courts acting in that capacity, whilst in Ireland jurisdiction is exercised by the King's Bench Division of that country.

Vice-Admiralty courts exist in various parts of the British Dominions, and their powers are somewhat more extended than those of the English Court, but are specially fixed by statute. From the vice-Admiralty courts there is a right of appeal to the Judicial Committee of the Privy Council.

As to the history and the functions of the Prize Court, reference must be made to the article under that heading.

ADMIRALTY, LORDS OF.—In any Act of Parliament the expression "the Admiralty" means the Lord High Admiral of the United Kingdom, for the time being, or the commissioners for the time being for executing that office. The Admiralty office is the Government department which exercises the administrative powers of the Lord High Admiral by means of commissioners appointed by the Crown for that purpose, and known as the Lords Commissioners of the Admiralty. The present system of administering the Navy dates from the time of Henry VIII. The present constitution of the Admiralty Board is to be found in the Admiralty Act, 1690, which enacts that "all and singular authorities, jurisdictions, and powers which, by Act of Parliament or otherwise, had been lawfully vested in the Lord High Admiral of England, had always appertained, and did and should appertain, to the commissioners for executing the office for the time being," to all intents and purposes as if the said commissioners were Lord High Admiral of England. From that time forward, save for a short period in 1827-28, when the Duke of Clarence was Lord High Admiral, the office has remained in commission. The Board now consists of the First Lord of the Admiralty, who is always a member of the Cabinet, and five other commissioners. The First Lord is responsible for the general direction and supervision of all naval business, and deals with promotions, appointments, nominations to cadetships, and other matters. The First Sea Lord advises upon questions of maritime defence, strategy, and naval policy, and is charged with business relating to ships in commission, the distribution and organisation of the Fleet, the supervision of the Intelligence and Hydrographic Departments, ships' complements, discipline, courts-martial, signals, collisions, gunnery, torpedoes, etc. The Second Sea Lord is responsible for the manning and officering of the Fleet, and for mobilisation, naval education and training, the Royal Naval Reserves, and many other matters concerning the *personnel*. The special work of the Third Sea Lord and Controller of the Navy is chiefly

in relation to *material*. He has charge of the dockyards, shipbuilding and repairs, machinery, the purchase, disposal and loan of ships, questions relating to inventions and discoveries, naval ordnance and stores, and the dockyard *personnel*. The Fourth Sea Lord is concerned with the transport, medical and victualling services, and with hospitals, the coaling of the Fleet, questions of pay, allowances, prize money, uniform, pensions, and other like matters. The Civil Lord is responsible for the Works Department, and for buildings and establishments, questions concerning Greenwich Hospital, dockyard schools, and other business. The Board of Admiralty is assisted by a parliamentary and financial secretary, who has charge of all matters of account and of questions involving reference to the Treasury financially; and by a permanent secretary, who is responsible for the discipline of the Admiralty departments and appointments in the offices, and has charge of correspondence and maritime papers. The First Lord of the Admiralty is the Cabinet minister through whom the Navy receives its political directions in accordance with Imperial policy. The members of the Board are his advisers; but if their advice is not accepted, they have no remedy except protest or resignation.

Although there is no jurisdiction to issue process against the Lords of the Admiralty personally, in cases of damage or salvage, or the like, where the King's ships are concerned, the Admiralty generally appear to defend the action when brought against the officer in charge. It may bring actions in its own name to protect its public property, and may acquire land for public purposes either by agreement or compulsorily.

In referring to any department of State, whenever any mention is made of the Cabinet, it must be borne in mind that the exceptional conditions during the period of the Great War and under the régime of the Coalition Ministers are left out of consideration.

ADMITTANCE.—This is a term used in connection with the admission of a copyholder (*q.v.*) into his estate, and is, in fact, the entry of such admission upon the court roll of the manor.

AD REFERENDUM.—This is a Latin phrase, signifying "to be further considered." *Ad referendum* contracts are sometimes made by public companies and others, and the term then means that a contract has been signed for the supply of certain articles, but that there are some minor points left to be settled which require further consideration.

ADULTERATION.—Adulteration is defined by Murray's "English Dictionary" as being: "Corruption or debasement by spurious admixture." The adulterator is man, and the things which he can corrupt are vegetable, animal, or mineral, solid or fluid. Adulteration is extensively practised upon vegetable products, which form the staple food of man; next upon animal products, with which he clothes himself; and, finally, adulteration of mineral products, which are largely required for use or ornament. This article will, therefore, treat of the adulteration of food and drink, with a slight reference to the adulteration of woven fabrics, used to clothe or adorn the body or to furnish or adorn the home; and, lastly, with the adulteration of mineral products, which are required by mankind for either use or ornament, or both. The present article is concerned with adulteration generally. For further particulars, see FOOD AND DRUGS ACTS.

the ingredients which are used in the art of adulteration are designed to increase the weight, to give a fictitious colour so as to imitate the genuine article, or to rob the product of one or more of its valuable elements. Some forms of adulteration are accidental, as when the seeds of weeds become mixed with good seed at reaping and threshing time, or when chemical changes are at work in the article, or when foreign substances become mixed with the products, as when it passes through vessels or machinery used in its manufacture. Adulteration has, theoretically at least, always been severely punished. In the time of Edward I a baker who sold an adulterated loaf was drawn on a hurdle, with the offending loaf about his neck, and that was only the beginning of his punishment.

Principal Ingredients of Adulteration. Some of the principal ingredients of adulteration are: The addition of water to milk, fat, and a colouring matter called annatto. Coffee is doctored with scorched or roasted corn, peas, beans, turnips, chicory, mangelwurzel, beetroot, finings (i.e., burnt sugar or caramel), and spurious coffee berries. Chicory is mixed with roasted corn, beans, lupin seeds, acorns, horse-chestnuts, peas, pulse, mustard husks, coffee husks, carrots, parsnips, and dandelion. Tea is treated with rose-pink, blacklead, fine sand, iron filings, indigo, Prussian blue, turmeric (Indian saffron), and China clay. Cocoa is mixed with oxide of iron. Bread is treated with alum, sulphate of copper, chalk, carbonate of soda, and boiled rice. Flour is mixed with oatmeal, barley meal, and arrowroot. Butter and lard are corrupted with inferior fats, water, salt, and farina. Isinglass is mixed with gelatine. Starch is added to sugar. Mustard is adulterated with flour or turmeric. Pepper is a great sufferer; the following spurious things are added to it: gypsum, mustard husk, starch, sand, linseed meal, powdered capsicums.

Ginger powder is treated with sago meal, ground rice, turmeric. Curry powders and cayenne are altered with ferruginous earths, brick dust, vermilion, and red lead. Beer lends itself to spurious treatment, and chemists do not hesitate to say that some of the spurious additions to the national drink have produced the frenzy which leads to crime; results which might not have been recorded if the beer had been the pure and genuine article. Port is touched up with gum dragon, berry dye, and salt of tartar. Sherry is mixed with sugar candy, bitter almonds, blood-gum, benzoin, and plaster of Paris. Claret is coloured with cochineal. When the public speak of champagne as "gooseberry," they are often not far wrong, for rhubarb and gooseberries are among its adulterants.

Wine generally has an extensive spurious repertoire: Refuse husk of grape, elderberry, logwood, basil wood, red saunders wood, cudbear (a plant giving a purple dye), red beet, litharge (an oxide of lead), carbonates of lime, potash, and soda, catechu, sloe leaves, oak bark, Spanish earth, glucose, alcohol, ether. Spirits are treated with water and inferior spirit. Tobacco and snuff receive the additions of sugar, honey, molasses, treacle, leaves, herbs, plants, powdered wood, moss, weeds, seaweeds, roasted grain, chicory, lime, sand, umbre (an ore of iron), ochre, water, alkaline salts, aloes, gum, oil, lamp black, tannic acid, iron, logwood, rhubarb, cabbage, burdock, and coltsfoot; ferruginous earths, fustic (a West Indian wood), roasted oatmeal, ground melon cups bichromate of potash, and

chromate of lead. Pickles and preserved fruits are corrupted with salt of copper. Sauces, anchovies, and potted meats have ferruginous earths added to them.

Confectionery is tinted with yellow and orange chromate of lead, and arsenite of copper. Vinegar and lime juice are adulterated with sulphuric acid. Linseed oil cake, the staple food for cattle in the winter time, is a favourite victim of the adulterator. It is refined by sesame (an oily seed), bran, earthenut, cotton, beech, rice husks, oat dust, seeds of weeds and wild plants, rape, hemp, cocoanut, palm nut, palm kernels, poppy, castor-oil, bassia (a vegetable), cucas, indigo seed, olive, acorns, careb beans, purging flax, wild mustard, wild radish, corn cockle and sawdust.

Seeds for planting are "faked": nothing escapes. Turnip seed is mixed with rape and wild mustard; old seed is mixed with new. Clover is dyed, and is decked out with logwood, alum, blacklead, indigo, turmeric, and sulphur. Drugs are mixed with julep opium, rhubarb, cinchona bark, sugar, starch, gum, methylated spirit, nitric acid, treacle, chloroform, and faenugreek (a plant). In the case of drugs, these various ingredients only become adulterants when they are mixed with the design of cheating the public into buying an article which is in the nature of a make-believe.

Woollen fabrics are largely adulterated with shoddy, mingo, and extract; each of these ingredients being made up of the refuse from the looms, or of old rags torn to shreds by specially made machinery. Cottons are weighted with size, China clay, fermented flour, paste, tallow, chloride of magnesium, and lime. Silks—especially dark-coloured silks—are heavily weighted with the pigments contained in the dyes.

Gold and silver coin and the precious metals are adulterated with copper beyond the quantity of alloy allowed by statute. Copper coins are debased with zinc beyond the legal limit, and base metals are covered with the more precious in order to deceive and cheat the unwary.

The Sale of Food and Drugs Act, 1899, furnishes a statutory definition of adulteration: "An article of food shall be deemed to be adulterated or impoverished if it has been mixed with any other substance, or if any part of it has been abstracted so as in either case to affect injuriously its quality, substance, or nature. Provided that an article of food shall not be deemed to be adulterated by reason only of the addition of any preservative or colouring matter of such a nature and in such quantity as not to render the article injurious to health."

The expression "food" shall include every article used for food or drink by man, other than drugs or water, and any article which ordinarily enters into or is used in the composition or preparation of human food, and shall also include flavouring matters and condiments.

The same statute has made it an offence to import the following foods into the United Kingdom: (a) Margarine or (b) margarine cheese, except in packages, and each package must be conspicuously marked with the description of the contents; (c) adulterated or impoverished butter; (d) adulterated or impoverished milk or cream, except in packages or cans conspicuously marked and described; (e) condensed, separated, or skimmed milk; (f) any adulterated or impoverished article of food. In each of these cases the goods must

be correctly described and conspicuously marked. The article called margarine cheese is any substance which is prepared in imitation of cheese, and which contains fat not derived from milk.

In order that the above provisions may be enforced at our ports of entry, the Commissioners of Customs are empowered to take samples of consignments of imported articles of food. The sample is divided into three parts, one of which is kept by the Customs authorities, one is sent to the importer of the goods, and the third is sent to the principal chemist of the Government laboratories. (See ANALYSIS.)

Provision is made to detect and punish adulteration of food which may be produced within the United Kingdom, as well as of that which comes from abroad. Power is given to the Local Government Board to test the food supplied to the general consumer; a like power is given to the Board of Agriculture to enable that authority to watch over the general interests of agriculture. The two Boards just mentioned must take four samples of the food which is to be analysed, one part must be supplied to the seller, one part is kept for future comparison, the third part is submitted to the analyst, and the fourth part goes either to the Local Government Board or to the Board of Agriculture.

Analysis. A duty is laid upon every local authority which is concerned with the execution of the laws affecting the sale of food and drugs, to appoint a public analyst. The Board of Agriculture is empowered to make rules by which a standard may be set up to which the normal constituents of genuine milk, cream, butter, or cheese must be compared. It is interesting to note here that fines for adulteration have been inflicted in some thousands of cases annually, the fines ranging from a sum of £100 for adulterated beer, to a fine of 1d.

If a sample of milk (sold as pure) contains less than 3 per cent. of milk fat, it is to be presumed to be not genuine. Skimmed or separated milk must contain 9 per cent. of milk-solids. If butter contains more than 16 per cent. of water, it will be presumed to be not genuine.

Stringent rules are laid down for the conduct of a margarine or margarine cheese manufactory within the United Kingdom; the shape of the labels to be put upon the commodity; the size and shape of the printed letters on the labels; the registration of every consignment, quantity, and destination of the margarine—all must be rigidly obeyed on pain of heavy penalties. No person may manufacture or sell any margarine which contains more than 10 per cent. of butter fat. No person may sell milk or cream from a vehicle or can in the public highway unless he has his name and address conspicuously written upon the vehicle, can, or other receptacle. Nor must machine-skimmed milk or skimmed milk be sold without a label, describing the article, being affixed to the receptacle containing it.

If a person receives a warranty in writing of quality or purity from the party from whom he purchases any kind of food or drugs, which he intends to sell to the public, such warranty will not excuse him unless he informs all parties concerned that he intends to rely on such warranty. Any person giving a false warranty is liable to a heavy penalty.

No person shall be permitted to mix colour, stain, or powder any article of food with any

ingredient, so as to render the same injurious to health, and with the intent that such article shall be sold in that state. This prohibition applies to drugs as well as to food. No person is permitted to sell any article of food or any drug which is not of the nature, substance, and quality of the article as demanded by the purchaser. The seller is protected, however, if he supplies a clearly written label to the customer with the article sold, declaring that the article is mixed. A heavy penalty is imposed upon any person who gives a false label with the goods he sells. If, for instance, a publican exhibits a notice to the effect that all spirits sold by him are diluted, such notice will protect the publican. As the seller of foods is prohibited from adding foreign substances to the goods he sells, so he is equally required not to abstract from, or extract from such goods any part thereof without giving due notice to the purchaser.

Beer. The national drink of the British man, beer, has been much subject to sophistication, and the statutory warnings and penalties which have supervened thereupon would fill a library. An Act passed in the seventh year of George II imposes a fine of £5 per cwt. upon any person who mixes any drug or ingredient with hops, to alter the colour or scent thereof.

Beer is defined in the Inland Revenue Act, 1880, as including ale, porter, spruce beer, black beer, and any other description of beer. In a similar statute of 1885 the term "beer" is extended to any liquor made or sold as a description of beer, or as a substitute for beer, and which, on analysis, contains more than 2 per cent. of proof spirit. In this statute it is enacted that a brewer or a retailer of beer shall not adulterate it with any matter or thing (except finings for the purpose of making it clear), under a penalty of £50. If the holder of a justice's licence for the sale of beer is convicted for adulterating it, that conviction must be entered upon the register of licences [Licensing (Consolidation) Act, 1910].

Bread. A statute was passed in the third year of George IV which imposes penalties for the adulteration of bread. No baker within the limits, i.e., within the metropolis, and within ten miles of the Royal Exchange, shall, in the making and baking of his bread, use any mixture or ingredient whatsoever other than flour, meal of wheat, barley, rye, oats, buckwheat, Indian corn, peas, beans, rice, or potatoes, or any of them and with any common salt, pure water, eggs, milk, barm, leaven, potato, or other yeast, and mixed in such proportions as he shall think fit, and with no other ingredient or matter whatsoever.

No person shall put into the corn, meal, or flour, at the time of grinding, bolting, dressing, or manufacturing the same, or at any time, any ingredient or mixture whatsoever not being the real and genuine produce of the corn or grain which shall be so ground. Nor shall any person sell or expose for sale one sort of corn or grain, and knowingly sell the same for another sort of corn or grain. All loaves which are made of any other flour than that of wheat must have a large Roman M marked upon each one of them. Authority is given to justices of the peace, and their officers, to enter any bakehouse for the purposes of search. If any adulterated flour, meal, dough, or bread is found, the same must be seized and confiscated.

If ingredients for the adulteration of meal, flour, or bread are found in the house, mill, shop,

stall, bakehouse, bolting-house, pastry warehouse, out-house, ground, or possession of any miller, mealman, or baker, a substantial fine will be inflicted or even imprisonment may follow the offence.

If the penalties which the baker incurs are the result of the wilful carelessness of one of his servants, then such servant or journeyman will have to pay such fine to his master or mistress as the magistrate may decide; if the servant fails to pay the fine, he must go to prison.

An Act passed in the sixth and seventh years of William IV regulates the making of bread outside the metropolitan area, and fixes penalties for adulteration and disobedience to the statute. The terms of this Act are practically similar to those of the Metropolitan Act referred to above. If any person beyond the limits of the metropolis shall put into any corn, meal, or flour, any ingredient or mixture whatsoever, not being the real and genuine produce of the corn or grain, or if he shall sell the same, or offer it for sale, such person shall be subjected to a heavy penalty.

Seeds. A statute was passed in 1869 (the Adulteration of Seeds Act), which imposes penalties for the adulteration of seeds. It was found that seed sellers killed the seeds, i. e., they destroyed by artificial means the vitality or germinating power of the seeds they sold.

Seeds were also dyed by processes of colouring, dyeing, and sulphur smoking, so as to give them the appearance of seeds of another kind. If any person offends more than once in any of these particulars he will be liable to have his delinquencies published in a local or other newspaper, in addition to the fines which will be imposed upon him in any case.

Spirits. The adulteration of spirits by water is permissible to the following extent: For brandy, whisky, or rum, to a reduction of 25 degrees under proof; for gin to a reduction of 35 degrees under proof.

Tea. The statutes upon which this article is founded make a special provision as to tea. All tea arriving at the ports of the United Kingdom is subject to inspection and analysis by the Commissioners of Customs. If such tea is found to be mixed with other substances, or is exhausted tea, the Customs authorities will not allow it to be delivered for consumption. Exhausted tea is defined as "any tea which has been deprived of its proper quality, strength, or virtue, by steeping, infusion, decoction, or other means."

Tea and coffee have borne their due share of adulteration. A statute of George I, passed in 1718, imposes penalties, if any person or persons whatever shall, at the roasting of any coffee, make use of water, grease, or butter, which will increase the weight, or damnify and prejudice the said coffee in its goodness. A later statute, passed in the same reign (1724), imposed a penalty of £100 and confiscation of the goods, if any dealer, manufacturer, or dyer of tea should fabricate or manufacture tea with terra japonica (japonica), or with any drug, or mix with tea any other leaves than tea leaves.

By the Customs and Inland Revenue Act of 1882, a duty of one halfpenny was charged upon every quarter of a pound packet of any article got up to resemble coffee or chicory. Each packet was required to have a Government label placed upon it, giving the proper names of the ingredients of the packet. This was a case of adulteration sanctioned by statute.

In 1731 it was found necessary to put a stop to

the practice of sophisticating tea. The Act of Parliament 4 Geo II (c. 14 and 15) enumerates the following substances used in adulteration of tea: sloe leaves, liquorish leaves (liquorice), leaves of tea already used, leaves of other trees, shrubs, and plants in imitation of tea. The leaves were mixed coloured, stained, or dyed with terra japonica (rightly spelled in this Act), sugar, molasses (molasses), clay, logwood, and with other ingredients. The penalty for this offence was very heavy: £10 for every 1 lb. of adulterated tea. A further statute was passed in the seventeenth year of George III (1777), in which more substances are mentioned as ingredients of adulteration of tea; the leaves of the ash and elder are also used, and copperas is added to the list of minerals.

Unwholesome Foods. Closely akin to adulteration of food-stuffs is the case of foods which, although not adulterated by the act of man, have become unwholesome or were always unwholesome, or have become diseased. A great statute of 1875, the Public Health Act, provides for this contingency. That Act empowers any medical officer of health, or inspector of nuisances, to "inspect and examine any animal, carcass, meat, poultry, game, flesh, fish, fruit, vegetables, corn, bread, flour, or milk, exposed for sale, or deposited in any place for the purpose of sale." If such food be found unwholesome, diseased, or unfit for the food of man, such food can be at once confiscated and destroyed on the order of a justice of the peace. The penalty to be inflicted upon the guilty parties takes the form of fine or imprisonment. The exposure for sale of each individual piece or package of such unwholesome food constitutes a distinct offence.

By the Public Health (London) Act, 1891, power is given to seize and destroy any animal or any article, solid or liquid, intended for the food of man, if the same be diseased, unwholesome, or unfit for human food. The entry to examine may be made at any reasonable time, even on a Sunday.

It is an offence to keep or sell horseflesh for human food, unless the seller exhibits a sign upon which must be written, in characters of not less than 4 in. in length, the fact that he does sell horseflesh. No purchaser must be served with horseflesh unless he asks for horseflesh. The term "horseflesh" includes the flesh of asses and mules.

False Trade Description. If any person applies a false trade description to goods, or sells such goods under a description which he knows to be false, he shall be liable to fine or imprisonment, or both. The offending articles must be forfeited to the Crown. The term "trade description" means as to the material of which any goods are composed. If the seller says: "This undershirt which I sell you is all wool," and it is not all wool, but is adulterated with a mixture of cotton, such false trade description, when applied to any goods whatsoever, will bring those goods within this title of adulteration.

If the vendor offers goods for sale upon which is exhibited by him "X.Y.Z. Brand, warranted pure linen," the goods not being linen, but partly consisting of linen and partly of some less valuable product, that is a false trade description, and the article is adulterated. The penalties imposed upon those who adulterate articles other than food and drink are, for the most part, laid down in the Merchandise Marks Acts, 1887-91, and the Trade Marks Act, 1905.

AD. VALOREM.—A Latin phrase, signifying "according to value."

An *ad valorem* stamp duty is a duty calculated according to the value of the subject-matter contained in a document. On a cheque for any amount, a bill payable on demand, or at sight, or on presentation, or not exceeding three days after date or sight, the stamp duty is twopence, but on bills and notes of any other kind the duty is an *ad valorem* one, calculated upon a certain scale according to the amount expressed in the document. A promissory note must always be stamped according to its amount, even though it is drawn payable on demand, at sight, etc.

The duty is also *ad valorem* upon many other documents—assignments of leases, conveyances, mortgages, transfers of stocks and shares, etc.

By the Stamp Act, 1891—

"Section 6. (1) Where an instrument is chargeable with *ad valorem* duty in respect of—

"(a) any money in any foreign or colonial currency, or

"(b) any stock or marketable security, the duty shall be calculated on the value, on the day of the date of the instrument, of the money in British currency according to the current rate of exchange, or of the stock or security according to the average price thereof.

"(2) Where an instrument contains a statement of current rate of exchange, or average price, as the case may require, and is stamped in accordance with that statement, it is, so far as regards the subject-matter of the statement, to be deemed duly stamped, unless or until it is shown that the statement is untrue, and that the instrument is in fact insufficiently stamped."

By the Finance Act, 1899—

"Section 12. (1) Where an instrument other than a bill of exchange or promissory note is charged with an *ad valorem* duty in respect of any money in any foreign or colonial currency, a rate of exchange for which is specified in the schedule to this Act, the stamp duty on that instrument shall, instead of being calculated as provided by Section 6 of the Stamp Act, 1891, be calculated according to the rate of exchange so specified.

"(2) The Commissioners may substitute, as respects any foreign or colonial currency mentioned in the schedule to this Act, any rate of exchange for that specified in the schedule, and may add to the schedule a rate of exchange for any foreign or colonial currency not mentioned therein, and this Act shall be construed as if any rate of exchange for the time being substituted or added were contained in the said schedule, and in the case of the substitution of a rate of exchange as if the rate for which the new rate is substituted were omitted from that schedule.

"(3) Any substitution or addition so made by the Commissioners shall not take effect until it has been advertised in the *London Gazette* for two successive weeks."

EQUIVALENTS IN STERLING OF FOREIGN CURRENCIES

Gold dollar	Five to one pound.
Silver dollar	Five to one pound.
Yen	Ten to one pound.
Rouble	Ten to one pound.
Florin	Twelve to one pound.
Guilder	Twelve to one pound.
Gulden	Twelve to one pound.

EQUIVALENTS IN STERLING OF FOREIGN CURRENCIES (continued)

Rupee	Fifteen to one pound.
Mark	Twenty to one pound.
Franc	Twenty-five to one pound.
Lira	Twenty-five to one pound.

ADVANCE.—A payment of money made before it is actually due. It is a term frequently used when a prepayment is made by merchants, brokers, or agents to the consignor of goods, etc., upon the receipt of the invoice or a bill of lading for the same. The word is also very commonly used to signify a loan.

ADVANCE NOTE.—When a seaman signs on, i.e., definitely engages himself for a particular voyage or period, he may receive an advance note for a month's wages. The note is drawn upon the owner of the vessel, and is payable three days after the ship has sailed. Advance notes are subject to the same stamp duty as bills of exchange.

ADVANCEMENTS TO CHILDREN.—It happens very frequently that a father makes certain advances to some or all of his children during his lifetime for the purpose of putting them into business, or in the case of a daughter at the time of her marriage. This is what is known as an "advancement." If such an advancement has been made, the child so benefited must, if the father dies intestate, account for the amount advanced, and bring it into calculation before a distribution of the estate of the father takes place. To give an illustration, if A makes any advance to his child B during his lifetime, say, £1,000, and dies intestate, B must either repay the sum to the administrator, or allow it to be deducted from his share of the whole estate, the total of which is made up of the personal property left by A, together with the £1,000. The law as to advancement is equally applicable where the advances are made to the child of a deceased child, for the child can have no better claim than its parents.

The statute 22 and 23 Car. II, c. 10—one of the Statutes for the Distribution of intestates' estates—provides (Sect. 5) that, in dividing the estate of an intestate, every child "who shall be advanced by the intestate in his lifetime by portion," shall only receive so much of the estate as with the portion advanced will make his share equal to those of the other children. This provision applies only to the distribution of the estates of intestate fathers; and so if a widow makes an advance to a child, and dies intestate, leaving several children, the child so advanced will not have to bring what he received from his mother into account, or, as it is often called, into hotchpot. "The statute, however, takes nothing away that has been given to any of the children, however unequal that may have been. How much soever it may exceed the remainder of the personal estate left by the intestate at his death, the child may, if he pleases, keep it all; if he be not contented, but would have more, then he must bring into hotchpot what he has before received. This manifestly seems to be the intention of the Act, grounded upon the most just rule of equity, equality." The above Section 5 only applies to an actual intestacy, or to an intestacy occasioned by a will becoming ineffective by reason of the death of the sole executor and legatee during the testator's lifetime. Advancements to children are now chargeable with interest at 3 per cent. It is only in competition with his brothers and sisters that a child must bring in his advancement, and not as regards his mother.

The heir-at-law, however, although he may have received real estate from the intestate, by descent or otherwise, is entitled to have an equal part in the distribution of the personalty with his brothers and sisters, without taking into account the value of the land received. But where a father has settled land, or has granted a charge on land to a younger child, or has made a marriage settlement of land on a younger child otherwise than by will, the younger child must bring the value of the land into account. Where the heir-at-law has had an advancement from his father out of the personal estate, he must account for it like the younger children, even if it were only the use of furniture for his life; and co-heiresses must also bring advancements into account. When a portion is at first contingent, it must be brought into account when the contingency happens; and if it has a value while contingent, it may still have to be brought into hotchpot. As to what are to be considered advancements, it has been decided that if a father buys for his son an ecclesiastical benefice or advowson, or any civil or military office, these come within the rule, even if the office is of a temporary nature, and an annuity may also be an advancement in some cases. Other examples of advancements are: (1) A premium paid to entitle a son to an attorney or admission fees to the Inns of Court; (2) the purchase of a commission or the cost of an outfit for the Army; (3) sums advanced to enable a son to pay his debts; (4) the price paid for machinery and plant, etc., to start a child in business.

On the other hand, trifling sums of money or presents of inconsiderable value, given by a father to a child, are not deemed advancements; nor is money laid out by the father in maintaining a child, or expended in binding him apprentice, or spent in sending him to school, or university, or even on travels abroad.

Property given or bequeathed to a child by any other person than the father is not, of course, an advancement, nor is a fortune which has been acquired by the child himself, however large it may be.

A few words may be added here as to the equitable doctrine of advancement. A father, or person *in loco parentis*, sometimes makes a purchase of property, real or personal, or an investment in the name of a child, in which case there arises what is known as the equitable doctrine of advancement, *viz.*, that the purchase or investment was intended as an advancement, *viz.*, for the benefit of the child, so as to rebut what would otherwise be the ordinary presumption in such cases that there is a resulting trust in favour of the person who provided the price. To take a simple example: A buys property (1) in the name of a stranger, (2) in the name of his son, and pays for it out of his own moneys; in the first case there is a presumption, which is liable to be rebutted by the circumstances, that A who paid the money intended the property should be his, and not the stranger's, and that he took the purchase in the stranger's name for his own convenience; in the second case, there is a presumption of equity that A intended the property to be an advancement for his son. This doctrine of equity has been based upon the ground either of the probability arising from the natural love and affection of a parent for his child, that the parent intended a gift, or of his moral obligation to provide for his child according to his means. The latter reason appears to be the more likely, and, therefore, it has been decided

that the presumption does not arise as between a widowed mother and her child, as the mother is in equity under no moral obligation to provide for it. Whether a person is *in loco parentis* depends upon the facts as to which evidence may be given.

The distinction between advancements to children and ademption should be noted. In the former case a father makes an advance to a child, and if the father dies intestate, the child must bring the advance into account. In the latter case, a parent leaves a child a legacy by will, and subsequently gives the child a portion in his lifetime; and, owing to the presumption against double portions, the child cannot take both. (See ADEPTION.)

ADVANCES, BANKERS'.—One of the most important duties connected with the business of banking is the making of advances to customers and others, and there is certainly none which demands greater skill and caution.

An advance is granted either by way of overdraft upon a current account, or by a loan upon a separate account, or, in some cases, upon a promissory note. The discounting of bills is practically the same as making an advance upon the security of the bills.

In considering an application for an advance, a bank manager will be influenced by his own personal knowledge of the borrower, by the figures as shown by the certified balance sheet of the customer, and by the history of previous transactions and the various conclusions to be drawn from a careful study of the customer's account. The principal questions which will arise in the banker's mind will be: For how long is the advance required? If granted, is the advance likely to be repaid according to promise? For what purpose is the money required? What is the nature of the security which is offered?

Many impracticable schemes of borrowing are sometimes put forward by would-be borrowers, and it is the business of a bank manager so to modify the schemes that business may result in the long run. As a well-known banking authority has said: "Anybody can decline a transaction which is obviously impossible. Where the real skill of a bank manager proves itself is in getting a borrower so to modify an impracticable proposal that it will assume a shape in which it will be acceptable to himself and his head office."

It is always dangerous to accept such securities for advances as second mortgages, reversions, building land, brick fields, shares not fully paid up, and those which are not readily marketable. The most favoured securities by bankers are first-class stocks and shares, deeds of readily realisable properties, good bearer bonds, guarantees given by substantial sureties, and life policies to an amount not exceeding their surrender value.

Caution is required when the advance is made in the nature of an overdraft. In granting a limit, a banker should always reserve to himself the right to cancel the limit at any time, if he should consider it necessary to do so. The late Lord Herschell thus expressed himself in a case in the House of Lords in 1894: "It is not necessary to consider what the rights of the bank were with regard to their debtors when they had agreed to an overdraft. The transaction is, of course, of the commonest. It may be that an overdraft does not prevent the bank who has agreed to give it from at any time giving notice that it is no longer to continue, and that they must be paid their money.

This, I think, at least it does: if they have agreed to give an overdraft, they cannot refuse to honour cheques or drafts, within the limit of that overdraft, which have been drawn and put in circulation before any notice to the person to whom they have agreed to give the overdraft that the limit is to be withdrawn. That effect I think it has in point of law; whether it has more than that in point of law it is unnecessary to consider." The length of notice will depend upon what was arranged when the limit was granted; but a limit cannot be withdrawn before the expiration of the period for which it was sanctioned, unless the customer's position, or his security, has greatly changed for the worse.

Numerous small advances are, as a rule, more satisfactory than two or three loans for very large amounts. Temporary accommodation is also much to be preferred to permanent loans.

ADVENTURE.—In questions relating to marine insurance, adventure means either one of the perils insured against, as in the clause in a policy commencing "Touching the adventures and perils", or the liability or risk undertaken by the insurers, as in the clause in a policy commencing "Beginning the adventures upon the said goods and merchandises"; or the speculation or undertaking to protect which the assured effected the insurance; or a subject of insurance which has been exposed to the risks insured against. It also means sending abroad, under charge of a supercargo or other agent, goods which are to be disposed of to the best advantage for the benefit of the owners. In addition, the term is also applied to the goods themselves so sent.

ADVENTURE, BILL OF.—This is a document which is signed by a merchant and states that the goods on board the vessel are the property of another, who is to run all risk connected with the consignment, the merchant only binding himself to account for the produce.

ADVENTURERS, MERCHANT.—The oldest and most celebrated of the English companies for the conduct and extension of foreign commerce was the Company of Merchant Adventurers. To understand its history, it is necessary to advert to the system of the Staple established about the time of Henry III. The word "staple" appears to have been used to indicate those marts both in this country and at Bruges, Antwerp, Calais, etc., on the continent, where the principal products of a country were sold. Probably in the first instance these were held at such places as possessed some conveniences of situation for the purpose. Afterwards they appear to have been confirmed, or others appointed for the purpose, by the authorities of the country. In England this was done by the king (2 Edw. III c. 19). All merchandise intended for the purpose of exportation had either to be sold at the staple, or afterwards brought there for exportation. This was done with the twofold object of accommodating the foreign merchants and of enabling the duties on exportation to be more conveniently and certainly collected. Afterwards the word "staple" was applied to the merchandise itself which was sold at the staple. During the thirteenth and fourteenth centuries the five great exports of England were wool, woollens, leather, tin, and lead, the first being by far the most important. When the English cloth manufacture began to assume importance, the Company of Merchant Adventurers came into existence, and from the first it was most closely, though not exclusively, associated with the export of

cloth. Wheeler, secretary of the company, says of it (*Treatise of Commerce*, 1601): "It consisteth of a great number of wealthy and well experienced merchants, dwelling in diverse great cities, maritime towns, and other parts of the realm, to wit, London, York, Norwich, Exeter, Ipswich, Newcastle, Hull, etc. These men, of old time, linked and bound themselves together in company, for the exercise of merchandise and seafare, trading in cloth, kersie, and all other, as well English as foreign, commodities vendible abroad." About the middle of the fifteenth century the Merchant Adventurers came into conflict with the Merchants of the Staple. The latter alleged that the Merchant Adventurers had no right to exact the regular contribution to their society from all persons exporting cloth to the Low Countries. The quarrel came to a head in the time of Henry VII, who favoured the claims of the Merchant Adventurers. The second great struggle of the Merchant Adventurers was with the Hanseatic traders in England. The Merchant Adventurers, when they had successfully asserted their claims against their English rivals, were eager to get into their hands the whole export trade, at least that in woollen cloth. The struggle between the Hanseatic traders, settled in London at the Steelyard, and the Merchant Adventurers went on for many years, until Elizabeth directed the civic authorities of London to close the Steelyard, and ordered the German merchants to leave England, thus bringing to an end the history of the Hanseatic league in this country.

ADVERSE POSSESSION.—It is commonly asserted that "possession is nine points of the law," and the grain of truth contained in the saying is exemplified by the fact that if a person is in possession of a certain article, he cannot be dispossessed at any time except by the rightful owner. In the case of land, however, the position of a possessor is somewhat better, for whereas mere possession of a chattel cannot ripen into ownership with any lapse of time, possession of real estate for a period of twelve years, without molestation of any kind whatsoever, even though adverse to the rightful owner, gives a legal title to the possessor against the whole world, unless the rightful owner has been suffering from some legal disability. This title is known as a "possessory title" (*qv*). The former period of twenty years which was necessary to create a good possessory title was reduced to twelve years by the Real Property Limitation Act, 1874. The Act does not in so many words confer a title upon the possessor, but it restrains other persons, including the rightful owner who has neglected to look after his own interests, from interfering with the right which has been gained by adverse possession.

ADVERTISEMENTS.—The derivation of the word "advertisement" is the French *avertissement*, which means a "warning," "information," or "notification." The value and the wide dissemination of newspapers have made a certain number of points of law connected with advertisements of special value, and these are noticed briefly in the present article.

Certain announcements made in the *Gazette* (*qv*) are taken as being a special notification to the whole world of certain facts, especially in connection with such matters as bankruptcies. But unless there is some statute which bears upon the subject, making the fact of the insertion of the advertisement equivalent to actual knowledge, any person who

desires to prove that a notice has been given by advertisement must bring evidence to show that the advertisement has actually come to the notice of the person who is sought to be affected thereby.

When it is impossible to serve a writ or other legal document, which must, in order to be effective, be shown to have come to the notice or knowledge of any person, the court will, upon satisfactory affidavit evidence that the person to be served cannot be found, order the writ or other document, or some notice thereof, to be advertised in certain specified papers, and if this is done the notice is as good as personal service. In the case of a writ, this is often known as "substituted service." (See WRIT.)

Again, an executor or administrator is permitted to advertise for creditors of the deceased person, whose representative he is, and if this is done in proper form the executor or administrator is entitled, after a certain interval, to distribute the estate of the deceased, and he will be relieved from all personal liability in respect of those creditors who have failed to send in their claims. This notice is regulated by a statute passed in 1859, and its necessity arises from the fact that by the common law the estate of a deceased person cannot be dealt with, as far as legatees and others are concerned, until all the debts have been paid or provided for. The advertisement is now so common that an almost stereotyped form has come into use. It is generally as follows—

JOHN JONES, deceased.—Notice is hereby given pursuant to the Act of Parliament (22 and 23 Vict. c. 35), that all persons having any CLAIMS or DEMANDS against the estate of JOHN JONES, late of —, in the county of —, gentleman, deceased, who died on the 2nd day of August, 19... and whose will was proved by me the undersigned executor and trustee therein named [or who died intestate and of whose estate letters of administration were granted to me the undersigned] on the 29th day of August, 19... in the Principal Registry of the Probate Division of the High Court of Justice [or in the District Probate Registry of —], are hereby required to send particulars of their debts or claims to me on or before the 30th day of November, 19..., as after that day I shall proceed to distribute the assets of the said testator [or intestate] amongst the parties entitled thereto, having regard only to the claims of which I shall then have had notice; and I shall not be liable for the assets or any part thereof so distributed to any person of whose debt or claim I shall not then have had notice.

DATED this 1st day of September, 19...
ALFRED ROBINSON, 596 Strand, London, W C

The advertisement must appear in the *London Gazette* and three other newspapers, one being a local one. This method of advertisement completely exonerates the executor or administrator from personal liability as to the assets, but it in no way prejudices the right of a creditor to follow the assets into the hands of any persons, legatees or others, who have actually received the same. If an executor or administrator discovers that the estate is insufficient to meet all the just legal demands made against it, his proper course is to apply to the court for administration (*q.v.*).

Contracts may be entered into through the medium of advertisements. An advertisement is frequently an offer to contract, and if the requisites

of a valid contract are present in the subsequent proceedings, an action is maintainable by the person who is damaged. An offer of a reward by advertisement may generally be sued upon by a person who fulfils the conditions of the offer, even though he did not know of the advertisement. Advertisements often give rise to actions for misrepresentation or fraud, and any person entering into a contract in this way should be extremely careful in the wording of the notice which is put forward.

An apology for a libel or a slander is sometimes made by advertisement, and if it is intended to plead such an apology in an action, care must be taken that the advertisement is given as much publicity as possible, and must be proportionate to the nature of the libel or the slander.

It is an offence punishable on summary conviction to issue certain advertisements relating to betting, especially in the nature of circulars addressed to infants, and all indecent advertisements are forbidden under heavy penalties.

A curious point sometimes arises as to advertisements for stolen property. It is not an offence to put forward such an advertisement, unless it is coupled with some kind of inducement or reward. Thus, if a reward is offered and some such inducement is held out as that "no questions will be asked," the person issuing the advertisement is liable to be proceeded against as offering to compound a felony (*q.v.*), and to pay a forfeit of £50 to any informer, *i.e.*, the person proceeding against him, as well as the costs occasioned thereby.

In the metropolitan district it is an offence to put up advertisement upon a hackney carriage in such a manner as to obstruct light or ventilation, or to cause annoyance to passengers.

The London County Council has issued by-laws forbidding advertisements by sky signs, or by searchlights or flashlights.

ADVERTISING.—Of the many definitions of "advertising," that which describes it as "printed salesmanship" is, perhaps, the most suggestive; but this treats the word as referring to only press, poster, handbill, or other printed advertising, whereas it includes other forms of publicity. Advertising has also been defined as "the art of making known." A more extended definition states that the function of advertising is to call the attention of people to a commodity and to induce them to buy it, to convince the public that the article advertised is good, essential, substantial, and worth the price asked for it.

Among the different methods of advertisement, the most important are: window-dressing, posters, circulars, and press advertising. The latter form will receive principal consideration in this article, but first a few words on the other methods will be useful.

In these days, when the population is concentrated for the most part in towns, the shop windows are an essential medium of advertisement in the retail trade, and window-dressing has become quite a special study. The window-dresser should guard against putting too many articles in the window, and should endeavour to dress it in such a manner that anything shown can easily be taken out if required without disturbing the rest of the window. To be effective, window-dressing ought, also, to be renewed as often as possible. As a means of advertisement, posters are of comparatively recent origin. Their function is to create a vivid impression by

means of simple drawing and wording, and well-arranged colouring. Poster-designing is quite an art, and artists of reputation are often engaged on the artistic design and tasteful execution of posters. In introducing a new article, circulars are frequently, an important means of advertisement. Great care is necessary to see that there is as little waste as possible, as it is useless to send such advertisements to persons who have no use for the commodity being advertised.

The most frequent means of publicity at the present time is press advertising, and no advertising plan can be said to be complete without it. It is intended to devote the remainder of this article to this form of "silent salesmanship," under three main headings: its nature, its scope, and the modes of advertising—but, first, a few observations on the selection of a suitable newspaper will not be out of place.

When the matter of publicity through the medium of newspapers, magazines, and the like is being considered, the first question which must receive attention is the nature of the media through which the manufacturer shall make his goods known to the buying public. So much has been written on the value of newspapers proper as against magazine space, and so many valuable figures published by newspaper proprietors and others for the purpose of aiding the would-be advertiser in his selection of media, that it is unnecessary to enlarge on what has already been written. It is questionable, however, seeing that the London dailies and weeklies (as distinct from the provincial press) cover as they do so thoroughly the whole of the provincial towns of any size, whether they do not have all the advantages attributed to the provincial newspapers. Some advertisers, nevertheless, give prominent place in all their schemes to the provincial press, and some have found it profitable to confine all their appropriations in press publicity to this form of media. It may be correctly affirmed that the provincial newspaper is pre-eminently the paper for the home, seeing that it is generally read by most members of the family. In it the parents find notes relating to local affairs, the participants in which are very real persons to them. The members of the family interested in sport, society notes and local functions, deaths, marriages, and a hundred and one things that mark the individuality of provincial life, find plenty of interest to them in the pages of their daily or weekly paper. Granted that this is so, then the provincial press is full of opportunities for successful results from advertising. On the other hand, it must be admitted that the majority of provincial papers are sadly behind the London dailies and weeklies in the matter of letter-press, display of blocks and lay-out generally, whilst the charges for space are not much lower than those of the London dailies and weeklies circulating so effectually over the provincial areas.

The Nature of Advertising. Advertising has two main elements—the proclamation and the explanation. In much existing advertising these two notes are not always struck together. Both are necessary, and in all fine advertising the attraction and the argument are thoroughly well blended together. There is a strong tendency to make modern advertising too attractive, and to lose sight of its final purpose—the creation of a demand for goods. This creation of a demand is either in the direction of extending the existing market amongst people who have never heard of the goods on offer or the

exploitation of an entirely new market for a new article hitherto unknown. Advertising also sustains an existing demand when that point of prosperity is reached at which the cost of extending the market is disproportionate to the eventual profit.

Examples of these three kinds of advertising are in evidence. Nearly all advertising which may be described as of the luxury class, such as that of motor-cars and their many accessories, is the reaching out after people who do not use motor-cars. So also much tobacco advertising is an appeal not to confirmed and hardened smokers who cannot very easily be weaned from established preferences in the matter of tobacco, but is addressed to the



Advertisement by Illustration.

younger generation, whose tastes have not yet been fixed.

Instances as to the creation of an entirely new demand for a new production by means of advertising are equally numerous. A few years ago the

demand for prepared breakfast food was non-existent, nevertheless skilful advertising overcame the enormous prejudice in favour of porridge; and, nowadays, prepared and branded oatmeal is advertised and sold even in Scotland itself. So also a large variety of cleansing agents has been introduced to the public during recent years, and it is safe to say that the extended use of soaps, boot polishes, and metal cleaning preparations has had a great effect upon domestic conditions.

Instances as to the power of advertising to sustain a demand which cannot reasonably be expected to extend, but which would inevitably fall off but for persistent publicity are not so numerous. The bicycle is, perhaps, a case in point. It will be noticed by those who study the announcements of cycle makers that they appeal chiefly to people who are at present riding, and that no attempt is made to create a demand for bicycles among those who have never ridden before.

One of the interesting facts about advertising is that it responds to periodic stimulation, that is to say, if some product has been before the public and advertised in a modest way for an extensive period, it is possible, so to speak, to capitalise all the outlay that has been put into the advertising by a general change of method. This is frequently seen nowadays in the form of the whole page advertising in a daily paper.

It needs no theorising to explain the secret of this success. A similar advertisement over a period of years has been seen by the public sub-consciously. The sudden appearance of a large display on the front page of a popular daily paper stimulates into active memory the multitudinous impressions that have been made by the less conspicuous advertisement.

Daily Mail 14 PAGE

"Viyella"
All-British Manufacture.

New Viyella Patterns for Spring, 1911.

4 Your Dresser has the new patterns of "Viyella" which have been specially brought out for Spring, 1911, and will make a splendid display of these during the current month. These are the "Viyella" which is known to be the best British fabric. Viyella, now in Great Britain.

5 It is one of the most beautiful and durable of fabrics and will last for many years. It is also one of the most comfortable and cool to wear. It is also one of the most beautiful and durable of fabrics and will last for many years. It is also one of the most comfortable and cool to wear.

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Proclamation and Explanation.

The necessity of persistent advertising has been touched upon by many authorities. The advertising for Pears' Soap is little else than persistency,

and the word "Pears'" spells "Soap"—desirable soap—so convincingly that some of this firm's posters have been limited to a single word.

Every merchant who has anything to sell has to pay something for getting into touch with buyers hitherto unknown to him. This expense in the past has usually taken the form of high salaries to commercial travellers. The modern method is to go straight to the public, telling them that the goods are desirable, and telling them so effectively that they insist upon being supplied. Thus, by the substitution of advertising for costly selling methods, many of the efforts of the commercial traveller are unnecessary. Instead of having to overcome the prejudice of retail customers, advertisers find them eager and ready to listen to their representatives.

In the final analysis, all the "selling expenses"

Choose a Raleigh

Because it is built throughout of steel, the reliable one, it contains many features and reliable points, all which make for reliability, comfort and easy riding. In short, because it is the best made, it is the standard British Bicycle.

Raleigh

The All-Steel Bicycle

Along with Brooks Pumps, Safety Seats and Sprockets, Raleigh's famous Chain is fully covered by the famous "Rope of the Raleigh". Send 1/6 to be sent to you.

The Raleigh Cycle Co., 41, Holloway Road, London, E.C.1.
Wholesale and Retail Agents: Messrs. J. & W. G. & Co., Ltd., 10, Abchurch Lane, London, E.C.4.

Appealing to the Converted.

in connection with the marketing of any product must be made to pay for themselves. But advertised soap, for instance, costs no more than a bar of soap of an unknown brand of equal quality, means a larger output at the factory, and, as every one knows, an increased output always means reduced working expenses. In a word, not only does advertising make the cost of selling cheaper, but when the advertising policy is linked up with the manufacturing policy, it reduces the manufacturing costs. The proof of this is seen in the fact that well-advertised goods are never dearer than non-advertised goods. A bar of advertised soap, for instance, costs the housewife no more than a bar of soap of an unknown brand. Again, the price of serviceable typewriters varies widely, but it will be noticed that the cheaper typewriters are those which are advertised more than others.

The Scope of Advertising. It may be laid down as a general proposition that anything that can be sold can also be advertised, but certain lines of goods lend themselves more readily than others to "printed salesmanship." Pills and soaps—that is, curative and cleansing agents—lend themselves to effective and profitable advertising. So also do foods, clothing, and furniture. Lately it has been demonstrated that articles of luxury and products that appeal to women can also be successfully marketed by means of advertising. In a word, the wider the possible field, the greater is the possibility of success. In a climate such as ours, at least half the entire population suffers periodically from minor ailments. In a social atmosphere such as ours, cleanliness of house and person is a cardinal virtue. Every man, woman, and child in the three kingdoms needs food and clothing. In these directions there is an ever-open and perpetually extending market. The demand must be met, yet it may be reasonably

estimated that only a comparatively small portion of this demand is at present met by advertisers. The scope for future advertising is, therefore, unlimited.

One of the deplorable facts about British merchants is that they are not in the habit of "thinking in continents." Frequently, indeed, they cannot even think in counties. How many people realise, for instance, that the bulk of the population of England lives in the vicinity of three great centres—London, Birmingham, and Manchester? Take the population figures and the map of England and mark off all the towns having a population of 50,000 and upwards, and this fact will be self-evident. Yet, in spite of this, many advertisers limit their appeal to the London area, not because they must do so by the nature of their business, but because they do not realise that the scientific study of advertising will reveal to them the lines of least resistance. But not all advertisers desire to reach the "crowd." Some have a proposition appealing to professional men; others wish to reach the well-to-do residential quarters of towns like Bath and Cheltenham; others have a product which, on account of its bulk, does not pay for transportation to very great distances, and must necessarily be sold in the vicinity of the factory. For all these and many other problems which confront the advertiser, the "trails" have already been blazed more or less successfully.

It is within the scope and purpose of advertising to overcome sundry definite and indefinite obstacles which stand in the way of profitable sales.

The chief of these, perhaps, is the indifference of the public. The buyer is often left alone without guidance or stimulation, and simply does not care how his want is supplied provided that it is supplied without any great inconvenience. Nor is the casual buyer at all analytical. The average buyer has not the capacity of directing his "wants" along any definite lines. The average business man in London, for example, wants his lunch at mid-day, but he will not usually be at any pains to discover even within a stone's throw of his office precisely where the best possible lunch can be obtained. In a word, he lunches by habit. In the same way the British housekeeper is in the habit of taking from her baker whatever kind of bread he offers; and until a campaign in connection with a particular kind of bread stirred up some slight sensation a few years ago, the average housewife would not even know how to go about making inquiries as to where the best possible kind of bread could be obtained.

One of the purposes of advertising, therefore, is to get the public out of one kind of groove into another kind of groove. This can be done either by making the consumer feel dissatisfied with what he has, or, conversely, by making the consumer desire something which he has never thought about.

The great remedy for the merchants who find that the public are indifferent to their wares is bold and persistent publicity. This can either be of the graduated and progressive kind, leading up to a climax; or it can take the form nowadays used of a series of violent "emotional shocks." Most of the whole pages now appearing in the London daily papers are of the last description.

The Modes of Advertising. The modes of advertising necessarily differ according to the general character, but not necessarily according to the special nature of the merchant's business.

The three chief modes of advertising relate to what are known as proprietary, mail order, and retail advertising.

Proprietary Advertising. By this is meant the popularising of some named or branded article or preparation which is only manufactured or put up by the advertiser, but which is obtained through retailers. The great problem of the proprietary advertiser is to take steps to secure that his product is on sale in every suitable retailer's shop throughout the length and breadth of the land. In the early days of advertising this was a comparatively easy process. Nowadays when the retailer's shelves are practically filled with advertised articles or imitations of advertised articles, the retailer does not take very kindly to a new article of commerce. He must, therefore, be forced either directly or indirectly to stock the article, and some most ingenious schemes have been devised for this purpose.

A few years ago the general method of marketing a new article was to send out travellers to call upon retailers, to advertise the article in trade papers; and having persuaded a grocer, for example, to stock a new brand of pickles, to rely upon the grocer's goodwill to build up the business.

Nowadays the process of marketing a new article is entirely different. The advertiser takes steps to announce to the trade that his selling campaign is opening, and then he goes direct to the public, that is, to the consumer, and persuades the consumer to demand the article, and thus practically forces the retailer to stock. Such "stocking schemes," as they are called, are occasionally resented by retailers, and to anticipate such a feeling the advertiser's proposition should have a definite element of attraction for the retailer himself.

But in addition to various stocking plans, advertisers recognise what are known as "selling schemes." The stocking plan is a mere method of influencing the retailer; a selling scheme is the element in an advertising campaign which makes the process particularly attractive to the public.

The free sample—the sample obtainable in return for a postage stamp—the sample obtainable at a retailer's—discount coupons—the positive offer to refund the purchase money—all these are selling schemes, but they take on different complexions with regard to different businesses.

Occasionally, a manufacturer about to advertise finds that he is the proprietor, or the potential proprietor, of several propositions. Here the problem arises as to whether he shall put the same name and the same trade mark upon them all and use one product to advertise the other, or whether he shall go to the trouble of finding a suitable and appropriate name and mark for each separate product, and sell each product in disassociation with the other.

Every proprietor, whether he advertise or not, is confronted with the problem of what is known as "substitution." The difficulty is met in several ways, and the most effective of all is advertising. In former days great importance used to be attached to a trade mark, but nowadays a registered name, such as "Bovril," "Oxo," "Wincarnis," is found to be more efficacious than the mere insistence upon a conventional design. The incorporation of a name like "Bovril" into the title of a limited company is even better than registering the name as a trade mark.

Mail Order Advertising. In mail order advertising the seller deals directly with his customer by means of the post. How extensive this mode of business is, is discoverable from the study of the statistics issued by the Postmaster-General, which show, with remarkable approximation, that the total number of packages sent through the parcel post corresponds year by year with the total number of postal orders issued. The ratio of increase is so remarkably steady as to suggest that the future of mail order advertising will take several years to reach its limit.

GREAT NEW YEAR'S TOILET GIFT.
SIX WORLD-FAMED TOILET REQUISITES FREE

OUR FREE OFFER.

IOLITE COSMETIC CO., LTD. (Incorporated),
141, Regent Street, London, W.1.

A Mail Order Free Sample Scheme.

The usual procedure in a mail order advertising scheme is to take space in papers of extensive circulation with an offer to send a free sample, a free booklet, or, perhaps, a sample or a booklet in return for three penny stamps, the exact nature of the scheme varying according to circumstances. In a few mail order schemes an element of direct dealing is involved by which the buyer sends the money at once on the clear understanding that the goods are sent on approval, and that the money will be returned if not satisfactory. It is on record that a skilfully devised mail order advertisement will bring in anything from 2,000 to 10,000 replies, and the price per reply will vary from the fraction of a penny up to a shilling or more.

Perhaps the most conspicuous of all the mail order schemes of recent memory is that adopted for the sale of the *Encyclopædia Britannica*. Here is a proprietary article sold almost entirely through the post, with a series of advertisements designed to bring a maximum number of inquiries from likely purchasers.

Inquiries such as these represent, of course, merely the framework or skeleton of the selling effort. It is assumed not only that every inquirer for a mail order catalogue or booklet is a possible buyer, but that behind the inquiry exists a very real want, consciously or subconsciously.

The mail order advertiser proceeds by means of a series of clever follow-up letters and suitable literature to effect a sale. Broadly the method is to assume that any particular inquirer belongs to

a definite section of the community, and the first of the series of letters is addressed to what is assumed to be numerically the largest class. Thus, in the case of the *Encyclopædia Britannica*, if we may judge from a sight of some of the form-letters sent out, the first great assumption was that inquiries came from people who wanted a book of reference. This "line of attack" having been dealt with, the next assumption was that inquirers were students of more or less specific subjects. In this way, both in the advertisements themselves and in the correspondence, various emotional and intellectual layers were approached in turn.

A great feature of all mail order advertising is the use of what are known as "keys"—some slight change in the address, for example, which indicates to the advertiser in which publication his announcement was seen. A familiar method of keying an address is to require the applicant to address "Department No. ———." Then again, all the advertisements in a publication appearing during a given month may require the applicant to address "The Manager," the next month the key may be "The Superintendent." A much more effective way of keying an advertisement is by what are known as "reply coupons," which bear their own key and have the additional advantage of making it easy for the public to reply to the advertisement. Skilfully used, also, it has been found that the coupon itself can be made such a strong feature of an advertisement as to add materially to what is known as its "attraction value." The mail order advertiser has the immense advantage of knowing which papers are paying him best, and he naturally cuts the least profitable out of his list. Some mail order advertisers have had so much experience as to the relative value of mediums as to find it unnecessary to key continually.

Lemco Bouillon Spoons

FREE TO
USERS OF LEMCO

HOW TO GET LEMCO
BOUILLON SPOONS FREE

LEMCO CO., 141, Regent Street, London, W.1.

An Ingenious Selling Scheme.

Retail Advertising. Much of what has already been said, applies to the advertising of the retailer, and little more is necessary under this heading. As to whether the Press can be used to advantage depends on whether the papers in which it is proposed to advertise, circulate effectively in districts in which it is possible for the retailer to do business.

It is undesirable to dogmatise, and difficult to state in general terms a golden rule for retail advertising. One thing, however, may be said with certainty—that a plain statement, an illustration which does illustrate, and a definite price are always safe.

It is beyond the scope of the present article to deal with such interesting topics as circulation, position, billposting, or with those extremely

recondite studies which have been made and tabulated under the heading of "The Psychology of Advertising." Much literature on the subject of advertising has accumulated year by year, and also year by year the number of clever men who set themselves out to master the intricacies of advertising is increasing. The great bulk of advertising is nowadays placed in the hands of expert advertising agents; and in the case of those very large firms who employ their own advertising managers or even dignify these officials with the name of advertising director, even here the services of expert "copywriters" are secured and the advertising agent employed to negotiate with newspaper and billposter.

ADVICE.—In commerce, information or instructions respecting trade communicated by letter. Thus, an advice is generally sent by one banker, or merchant, to another, to inform him of the drafts or bills drawn upon him, with full particulars of their amount, date, and the persons to whom they are payable. This document, which is also termed a "letter of advice," prevents mistakes, and at times detects forgeries; for, when bills are presented for payment or acceptance, either can be refused for want of advice.

The term is also used to signify an opinion of counsel or others, a commercial report, or a notification of the arrival or the dispatch of goods.

ADVICE NOTE.—A letter giving its receiver information that some particular transaction either has been, or is about to be effected on his behalf. It is usual to advise the arrival of consignments, the dispatch of goods, the payment of accounts, and the shipment of goods.

"ADVISE FATE."—Sometimes it is desired to know, as quickly as possible, whether a cheque will be honoured on presentation, and it is then sent direct to the banker upon whom it is drawn instead of passing it through the Clearing House (*q.v.*) with a request to "advise fate." Although there is no legal obligation binding the banker to reply, a reply is invariably sent as a matter of courtesy, generally by telegram. When a favourable reply has been sent, the drawer cannot stop payment of the cheque; and the holder of the cheque is entitled to receive payment from the banker upon whom the cheque is drawn, or to have the same paid into his account at his own banker's, if it is his own banker who has made the inquiry for him. But the banker of whom the inquiry is made should not send an unqualified affirmative answer until he has actually got the cheque into his own hands, as it is possible that the drawer's account might be altered for the worse in the interval between the dispatch of the inquiry and the receipt of the cheque. If, therefore, an inquiry is sent simply as to the probability of the payment of a cheque when presented, the banker upon whom the cheque is drawn should, if he is satisfied at the moment as to the state of the customer's account, reply in some such words as: "Would pay if in our hands and in order." This will be a sufficient personal protection until the cheque is duly presented. A simple affirmative reply that the cheque will be met is a warranty by which the banker is bound, whatever may happen to the customer's account before the cheque arrives.

ADVOCATE, LORD.—Also called the King's Advocate. He is the principal law officer of the Crown in Scotland, and in his official capacity he corresponds to the English Attorney-General, being, like the Attorney-General, always a member of the

ministry of the day, but not a member of the Cabinet. He is not necessarily a member of the Privy Council, but during his period of office he is invariably addressed as "Right Honourable." He remains in office as long as the Ministry does, unless he resigns or is promoted. In conjunction with the Secretary for Scotland he is responsible for the legislative measures which affect Scotland. He conducts public prosecutions for the Crown in Scotland, represents the Crown in civil actions, and possesses certain statutory powers under the Bankruptcy Act, 1914, and other special Acts of Parliament. The salary attached to the office is £5,000 a year, together with fees in Crown cases. Unlike the English Attorney-General, as became the settled practice between 1892-95, the Lord Advocate is not yet restrained from taking private practice, but there is no doubt that the rule which has been adopted in England of restraining the law officers of the Crown from acting as advocates for private persons will be extended at no distant date to the Scottish law officers.

AERATED WATERS.—Waters naturally or artificially impregnated with a large amount of carbonic acid gas and containing saline or other flavouring matter. They are used both as beverages and as medicines. The best known is soda water, which should contain 15 grains of bicarbonate of soda to the gallon, though aerated water without flavouring is often so-called. Other varieties are potash, lemonade, ginger ale, etc. Vichy, Selters or Seltzer, and Apollinaris are the most used natural aerated waters. These are also called mineral waters, from the mineral salts they contain.

AFFIDAVIT.—A written declaration given on oath before some person who is entitled to administer an oath, as a solicitor who has been appointed a Commissioner for Oaths (*q.v.*), a magistrate, a consul, or a notary public. The affidavit must give the name, description, and address of the person who makes the declaration (called the deponent), and the document must be signed by him and also attested by the person before whom it is sworn. If the deponent does not state facts within his own knowledge, he must give "his grounds for his belief."

The fee of a Commissioner for Oaths for administering the oath is 1s. 6d., with 1s. additional for each document attached to the affidavit. Such documents are frequently annexed, as they go to prove what is sworn to by the deponent, and it would be a waste of time and useless to copy out the same in the body of the affidavit. The documents so annexed are technically known as "exhibits." The person who attests the affidavit must mark each exhibit with a distinctive letter or number, corresponding to that used in the affidavit, and indorse it in some such form as the following: "This is the exhibit referred to as A in the affidavit." He must also sign the exhibit.

The inset is the ordinary form of affidavit met with in the courts every day. It is essential to notice its title, and the method of indorsement is important for those who are engaged in litigation work.

The word "affidavit" is Low Latin, and means "has pledged his faith." It was at one time usual for the document to commence thus: "Affidavit N. M. etc."

The stamp duty for an affidavit or statutory

IN THE HIGH COURT OF JUSTICE

KING'S BENCH DIVISION.

19-- , S, No. 192--

B E T W E E N JOHN SMITH (trading as J. SMITH & CO.)

Plaintiff

--- and ---

THOMAS JONES

Defendant

BROWN & CO. LIMITED

Claimant

2/6

Stamp

(adhesive)

I ALFRED THOMPSON of the Lion Brewery Chalktown in the County of Blankshire Secretary of Brown & Co. Limited the above named Claimants make oath and say as follows:—

PART of the goods and chattels at the Hart Hotel Chalktown aforesaid seized by the Sheriff of the County of Blankshire under the Writ of fieri facias in this action and referred to in the Summons herein were on the 30th day of August 19-- by Conditional Bill of Sale of that date assigned to the said Brown & Co. Limited by way of security for the payment of the sum of £50 and thereon at the rate of 4 per centum per annum. The said Bill of Sale was duly registered on the 31st day of August 19-- and is now produced and shown to me marked "A."

THE goods and chattels so assigned as aforesaid are set out a Schedule attached to the said Bill of Sale.

NOTICE claiming the said goods on behalf of the said Brown & Co. Limited was I am informed and verily believe duly served on the Sheriff on the 12th day of September 19--.

A copy of the said Schedule was I am informed furnished to Mr. E. Fairweather Solicitor for the Execution Creditor on the 13th day of September 19-- and to the Sheriff on or about the 14th day of September 19--.

THERE is now due and owing to the said Brown & Co. Limited under the said Bill of Sale the sum of £50 and interest.

AS to the further part of the said goods and chattels and also as to certain fixtures seized by the Sheriff as aforesaid these are claimed by the said Brown & Co. Limited being their own property. Such goods chattels and fixtures were hired to the Defendant Thomas Jones under a Hiring Agreement bearing date the 1st day of August 19-- and made between the said Brown & Co. Limited (therein called "the Owners") of the one part and the said Thomas Jones (therein called "the Hirer") of the other part.

THE said Hiring Agreement is now produced and shown to me marked "B."

NOTICE of the said Claim was I am informed given to the Sheriff on behalf of Brown & Co. Limited by their Solicitors Messrs. Fountain & Co. on or about the 13th day of September 19-- and a copy of the Schedule attached to the said Hiring Agreement was supplied to the said Mr. E. Fairweather and to the Sheriff subsequently.

6. ON or about the 16th day of September 19-- a further notice on behalf of the said Brown & Co. Limited was given by their said Solicitors to the Sheriff claiming the sum of £30 for 2 quarters' rent due from the said Thomas Jones to the said Brown & Co. Limited on the 24th day of June 19-- and the 29th day of September 19-- respectively in respect of the Hart Hotel Chalktown in the County of Blankshire. This amount is also still due and owing to the said Brown & Co. Limited.

THE said Brown & Co. Limited claim a lien in respect of the said rent upon the goods chattels and fixtures other than those included in the Schedules to the Bill of Sale and Hiring Agreement seized by the Sheriff under the said Writ of fieri facias at the Hart Hotel aforesaid.

THE said Brown & Co. Limited also claim 2 patent Tills being their own property seized by the Sheriff as aforesaid. The Receipt for the payment of the said 2 patent Tills is now produced and shown to me marked "C."

I am the Secretary to the said Brown & Co. Limited and I am duly authorised to make this affidavit and I verily believe the facts above stated to be true.

Sworn at 894 Strand in the County of London }
this 3rd day of October 19-- } ALFRED THOMPSON,

Before me

P. THORNE

Commissioner for Oaths.

• 19.., S. No. 19387.
• IN THE HIGH COURT OF JUSTICE
• KING'S BENCH DIVISION.

S M I T H

J O N E S

and

BROWN & CO. LTD., Claimants..

=====

AFFIDAVIT of ALFRED THOMPSON,
filed on behalf of the
Claimants.

=====

Sworn 3rd day of October 19 .
Filed 4th day of October 19..

Filed on behalf of the
Claimants by

FOUNTAIN & CO.,

795 Old Jewry,“

E.C.

declaration (*qv*) is 2s. 6d. The stamp is an adhesive one.

The following documents are exempt under the Stamp Act, 1891—

(1) Affidavit made for the immediate purpose of being filed, read, or used in any court, or before any judge, master, or officer of any court.

(2) Affidavit or declaration made upon a requisition of the commissioners of any public board of revenue, or any of the officers acting under them, or required by law.

(3) Affidavit or declaration which may be required at the Bank of England or the Bank of Ireland to prove the death of any proprietor of any stock transferable there, or to identify the person of any such proprietor, or to remove any other impediment to the transfer of any such stock.

(4) Affidavit or declaration relating to the loss, mutilation, or defacement of any bank note or bank post bill.

(5) Declaration required to be made pursuant to any Act relating to marriages in order to celebrate a marriage without licence.

(6) Declaration forming part of an application for a patent in conformity with the Patents, Designs, and Trade Marks Act, 1883.

A person who swears a false affidavit is liable to be proceeded against for perjury (*qv*).

AFFREIGHTMENT.—Affreightment is a contract by which a shipowner undertakes to carry goods in his ship for reward. The person for whom the goods are carried is called the freighter, and the sum which he pays for their carriage is called the freight (*qv*). The contract may be made (*a*) between the shipowner and one person who hires the use of the ship for the purpose of carrying his own goods or those of other persons, or (*b*) between the shipowner and each of a number of persons who ship goods in that particular ship. In the former case the contract is generally expressed in a charter party (*qv*), and the ship is called a chartered ship, but the contract of affreightment does not require a charter party to be made; in the latter the ship is called a general ship, and the contract is generally expressed in writing, and called a bill of lading (*qv*).

Law Governing Affreightment. In construing charter parties and bills of lading, regard must often be had to foreign law, for the parties to the contract are often of different nationalities, and the places at which the contract is to be performed are in different countries where the rules of law differ. The construction of these documents must be governed by the law by which it appears from all the circumstances that the parties intended to be bound. Although in the absence of clear evidence of intention, the presumption in the case of contracts generally is that the law of the place where the contract was made governs, yet in contracts of affreightment, where there is no express indication of the intention of the parties, there appears to be a strong presumption in favour of the law of the ship's flag. Where a contract made in one place is to be performed entirely in another place, where the law is different, the presumption is that the law of the place of performance is that which is to determine its effect. "It is obvious, however," said Lord Justice Bowen in *Jacobs v. Credit Lyonnais*, 1884, 12 Q. B. D. 589, "that the subject-matter of each contract must be looked at as well as the residence of the contracting parties or the place where the contract is made

The place of performance is necessarily, in many cases, the place where the obligations of the contract will have to be enforced; and hence, as well as for other reasons, has been introduced another canon of construction, to the effect that the law of the place of fulfilment of a contract determines its obligations. But this maxim, as well as the former, must, of course, give way to any inference that can legitimately be drawn from the character of the contract and the nature of the transaction. In most cases, no doubt, when a contract has to be wholly performed abroad, the reasonable presumption may be that it is intended to be a foreign contract determined by foreign law; but this *prima facie* view is in its turn capable of being rebutted by the expressed or implied intention of the parties as deduced from other circumstances. Again, it may be that the contract is partly to be performed in one place and partly in another. In such a case the only certain guide is to be found in applying sound ideas of business convenience and sense to the language of the contract itself, with a view to discovering from it the true intention of the parties. Even in respect of any performance that is to take place abroad, the parties may still have desired that their liabilities and obligations shall be governed by English law, or it may be that they have intended to incorporate the foreign law to regulate the method and manner of performance abroad, without altering any of the incidents which may attach to the contract according to English law. Stereotyped rules laid down by juridical writers cannot, therefore, be accepted as infallible canons of interpretation in these days when commercial transactions have altered in character and increased in complexity, and there can be no hard-and-fast rule by which to construe the multifarious commercial agreements with which in modern times we have to deal."

Law of the Flag. Where the contract of affreightment does not provide otherwise, as between the parties to the contract, in respect of sea damage and its incidents, the law of the country to which the ship belongs must be taken to be the law to which they have submitted themselves. Though the law of the flag may determine the rights and liabilities of the parties under a charter party or bill of lading, still, in considering how the provisions of the contract are to be carried out, it may be necessary to take other rules of law into account. Rules which must be confined to at the places of performance, e.g., customs regulations at the ports of loading and unloading form part of the circumstances with regard to which the loading or delivery is to be done. The contract must be supposed to have had reference to them, unless it is expressly inconsistent, and it will not be properly performed unless they have been regarded. But the law of the place of performance is thus incorporated only so far as it is consistent with the express language of the contract, as interpreted by the law of the flag, and only so far as may be necessary for determining the manner of the performance. It will not alter the character of the obligations which are imposed by the contract or by the law which governs its effect. Thus a charterer is not excused from loading a cargo because the law of the loading port prohibits his doing so, even though that law would also excuse him, nor is a shipowner discharged from liability for damage because no claim has been made at the time or in the manner required for doing so by the law at the port of discharge.

Law of Country Governing Contract. The manner in which the contract must be proved, and the admissibility of evidence of its existence, are determined by the law of the tribunal in which it is sought to be enforced. An action will not lie in the courts of this country, to enforce an oral agreement made in France (and valid there), which if made here could not, by reason of the statute of frauds, have been sued upon. A document may be admitted to prove a contract, although not stamped in accordance with the law of the country in which the contract was made, or in which the document was executed; but if for want of a stamp a contract made in a foreign country is void, it cannot be enforced here. The legality of a contract is determined by the law of the place where the contract is made. When a contract is entered into in one country and is sought to be enforced by the courts of justice of another country, the question is not only whether it is a valid contract according to the law of the country where it was entered into, but whether it is, or is not, in accordance with the laws of the country in which it is sought to be enforced. When a contract is made in a foreign country and in a foreign language, an English court, having to construe it, must first obtain a translation of the instrument, secondly an explanation of the terms of art (if any), thirdly evidence of the foreign law applicable to it, and fourthly evidence of any peculiar rules of construction which may exist in that law; and must then interpret the instrument on ordinary principles of construction.

Seaworthiness of Ship. The implied obligation of the owner to use all reasonable means to insure the "seaworthiness of the ship for the voyage" within Section 458 of the Merchant Shipping Act, 1894, applies only to equipment; a ship is not unseaworthy within this phrase by reason of non-employment or mis-employment of appliances, if the appliances are at hand for use. If the ship is found unseaworthy before sailing, and the defect cannot be remedied within a reasonable time, the charterer is entitled to throw up the contract. The ship must be fit in design, structure, condition, and equipment to encounter the perils of the voyage. The ship must not only be seaworthy before loading, but she must be seaworthy with the cargo the shipowner undertakes to carry at the time of loading. There is an absolute warranty by the shipowner, who has agreed to take a particular cargo, that his ship is fit to receive the cargo, but this warranty is not a continuing warranty, and defaults occurring after the period of loading are not breaches of this warranty. The shipowner is always responsible for loss or damage to the goods, however caused, if the ship was not in a seaworthy condition when she commenced her voyage, and if the loss would not have arisen but for that unseaworthiness. This is so, although the shipowner may have taken all reasonable pains and precautions to make the ship seaworthy, if, in fact, he has failed to make her so. He undertakes absolutely that she shall be fit, on sailing upon the voyage, to carry the cargo which she has on board, and with it to encounter safely whatever perils a ship of that kind may fairly be expected to be exposed to in the course of the voyage at that season of the year. The ordinary implied undertakings by the shipowner to provide a ship that is fit for the cargo, and to have her seaworthy for the voyage on sailing, are not affected

by the exceptions in the bill of lading unless that is clearly stipulated. The warranty can be got rid of or qualified by such words as "warranted seaworthy only so far as ordinary care can provide."

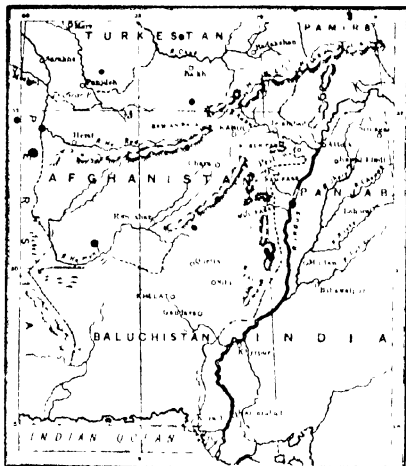
American Harter Act. The American Harter Act was passed by Congress in 1893. It is important to English shipowners and merchants trading with American ports, because its provisions are often expressly incorporated in contracts of affreightment, and because the American courts apply its provisions without any express incorporation, whether the carrying ship is American or one of any other nationality. Even when the contract has been validly made in a foreign country, the American Courts will not give effect to exceptions in it, which are contrary to the Harter Act, if the cargo is to be delivered at any American port. The Harter Act of the United States makes void, as contrary to public policy, all clauses exempting the shipowner from liability for his own or his servants' negligence. Limitations of liability in the contract must be reasonable in order to be valid, and a clause of that kind is looked upon as unreasonable. A contract of affreightment made in an American port by an American shipper with an English steamship company doing business there, for the shipment of goods there and their carriage to and delivery in England, where the freight is payable in English currency, is an American contract, and governed by American law so far as regards the effect of a stipulation exempting the company from responsibility for the negligence of its servants in the course of the voyage. Therefore the American Courts will not give effect to a clause which is contrary to the provisions of the Harter Act, where the contract is governed by the law of the United States, nor where the performance is to be wholly or partly within the United States, even though the contract has been made abroad with reference to some other law by which the clauses are valid, and even though there is an express agreement of the parties that the contract shall be governed by that other law.

Effect of Harter Act. The Harter Act prevents a shipowner from inserting in any contract of carriage clauses which relieve him from liability for consequences of "negligence, fault, or failure in proper loading, stowage, custody, care, or proper delivery" of the cargo, or which diminish or avoid the obligation to exercise due diligence properly to equip, man, and make the vessel seaworthy and capable of performing her intended voyage, but it exempts the shipowner from liability for consequences of "faults or errors in navigation or in the management of the vessel," as well as for certain other perils, provided he has used "due diligence to make the said vessel in all respects seaworthy, and properly manned, equipped, and supplied." Under neither the English nor American law is a shipowner prohibited from inserting a clause exempting him from the absolute warranty of seaworthiness of the ship on sailing, provided he has used due diligence. The mere fact that the owner provides a vessel properly constructed and equipped is not conclusive that the owner has exercised due diligence within the meaning of the Act, for the diligence required is diligence on the part of the owner's servants in the use of the equipment before the commencement of the voyage and until it has actually commenced, and the law recognises no



distinction founded on the character of the servants employed to accomplish that result. A vessel is not required to be impregnable to the assaults of the elements to be seaworthy, but the test is whether or not she is reasonably fit for the contemplated voyage.

AFGHANISTAN.—This is a country which is not at all well known, but which is, on account of its



position, of great political importance. It occupies the eastern part of the plateau of Iran, and lies between British India on one side, and Persia and Asiatic Russia on the other. The whole country is a lofty plateau, about 250,000 square miles in area, and has a population which is estimated at a little under 5,000,000.

The Afghans are nominally subject to the Amir of Kabul, but they cannot really be said to constitute a nation, and the authority of the Amir depends upon his personal character. The position of Afghanistan as a "buffer state" between Russia and India has rendered political relations with that country very delicate in the past. The collapse of Russia has eased the situation for the time being, and the abortive conflict of 1919 has made the Afghans more than ever dependent upon India. By the treaty of peace concluded in August, 1919, the Amir was deprived of the annual subsidy formerly paid by the Indian Government.

There are no rivers and no good roads. Goods are carried by camels, and trade is mainly with the cities of India by way of the great passes of the Suliman Mountains—the Kyber and the Bolan. This trade consists of silks, carpets, and dried fruits, which are exchanged for cotton goods, tea, and sugar.

The capital is *Kabul*. The other considerable towns are *Kandahar* in the east and *Herat* in the west.

Whatever communication there is with Afghanistan is carried on via India.

AFRICA.—This, the most compact of all the continents, is a great stretch of land, situated mainly within the tropics, bounded on the north by the Mediterranean Sea, on the west by the South Atlantic Ocean, and on the east by the Indian

Ocean. Towards the south it gradually narrows, and reaches its southernmost point in Cape Agulhas, a little to the south-east of the Cape of Good Hope. Until the construction of the Suez Canal in 1869, it was joined to Asia by the Isthmus of Suez, a tract about 75 miles broad, between the Mediterranean Sea and the Red Sea. At the Straits of Gibraltar, on the north, it approaches to within 9 miles of the coast of Europe, and again at the Straits of Babel-Mandeb it is separated from the coast of Arabia by a distance of less than 15 miles. The extreme length of Africa from north to south is about 5,000 miles, and its extreme breadth, from Cape Verde to Cape Guardafui, is about 4,650 miles. Its area is 11,500,000 square miles, i.e., about three times that of Europe. Owing to the rarity of indentations in the way of bays and gulfs, there are practically none excepting the Gulf of Guinea on the west and the Gulf of Cabes on the north, which are so numerous in all the other continents except South America, the coast line is comparatively small, being under 20,000 miles. The islands of Africa, neglecting Madagascar, are altogether insignificant in point of size. The population of the whole continent has been estimated at 200,000,000, but the data upon which this calculation has been made are not at all reliable.

Relief. Africa has been called a continent of plateaux, though in the northern part the heights are not nearly so great as in the south. The central districts are still largely unknown, and as far as was ascertainable up to very recent times it appeared that they were rather of purely geographical and scientific interest, especially to the traveller and observer, than of commercial importance. Little by little the interior is becoming better known, and as railways are being pushed forward into the interior, it seems probable that former estimates will have to be revised, although it is too early as yet to speak with any real degree of certainty as to the future commercial value of the Continent. The Great War has naturally retarded the work of exploration, and at the time of going to press it is uncertain what arrangements will be made respecting those territories which were formerly controlled by the Germans. It has been suggested that they shall be placed under the government and control of the League of Nations. Any developments which take place during the next twelve months will be duly noted in the Appendix. The present uncertainty makes it impossible to reproduce a map of Africa which will be of more than ephemeral value at this stage. For that reason the map here given shows the division of the Continent at the time of the outbreak of war in 1914.

The chief mountain ranges are the Atlas in the north, the Kong in the west, the Cameroons near the Gulf of Guinea, the Drakenberg in South Africa, and the lofty ranges of Abyssinia. Near the equator, in the great lakes district, there arise the peaks of Kilimanjaro and Kenya, each of them over 18,000 ft. high.

The rivers of Africa are very unequally distributed over the continent, and as most of them are impeded by rapids or cataracts, they are of little or no value in developing the commercial growth of this part of the world, in fact, they rather help to keep Africa the "unknown continent." The four principal rivers are the Congo, the Nile, the Niger, and the Zambesi, and their courses are

easily traceable upon the map. They are here given in order of volume, though the Nile is the longest of the quartette. The other principal rivers of Africa are the Senegal, the Gambia, and the Orange, all of which flow into the Atlantic Ocean, and the Limpopo and the Juba, which flow into the Indian Ocean. But, again, none of them is of much commercial importance, and each is only navigable to an inconsiderable extent.

The lakes of Africa are second only to those of North America. Though numerous in South Africa, it is in the east that the largest and grandest are to be found. The five largest are Victoria Nyanza, Albert Nyanza, Tanganyika, Nyassa, and Bangweolo. There are also two large continental lakes, i.e., lakes without any outlet, Chad and Ngami. The two Nyanzas are feeders of the Nile, Nyassa of the Zambesi, and the Bangweolo of the Congo.

Economic Conditions. Africa has been called, amongst other names, the continent of the future, and it is impossible to prophesy what a generation may bring forth. The problems of nature are very difficult of solution. The continent is naturally more or less impenetrable, and only the advances of science can overcome some of the stupendous difficulties which at present face the merchant and the explorer. Again, its situation, being mainly within the tropics, makes it difficult of habitation by white people, except in the north and the south; and, lastly, there is the trouble arising out of the labour problem. Still, there is no doubt that Africa has great economic possibilities. Its mineral wealth also is of vast importance, and its iron deposits are as yet practically untouched.

No one ever made greater efforts to open up Africa than the late Cecil Rhodes, and it was he who conceived the idea of a trans-continental railway from Cairo to Cape Town, as well as a telegraph line—a distance of 5,700 miles. Each of these schemes is being pushed forward by degrees, and there seems to be no reason why Africa should not see these great aids to civilisation completed at no distant date.

Divisions. The rush of the various European powers for Africa was such in the latter part of the nineteenth and the earlier part of the twentieth centuries, that most of the known regions fell under the domination or the influence of one or other of them, and so remain subject to the re-arrangements necessitated by the circumstances of the Great War. The independent States are insignificant, consisting practically of Morocco (at present), Abyssinia, and Liberia.

Each of the divisions of Africa is noticed under a separate heading, and under it will be found all the main facts connected with its commercial standing and importance, as well as those general geographical matters which have any bearing upon business affairs.

AFRICA, BRITISH EAST.—This is the general name applied to the various possessions of Great Britain in the east of Africa, formerly known as British East Africa, and the Central Protectorate of Africa. The administration of the territory was altered in 1907, and the different parts are separately noticed under the headings EAST AFRICA PROTECTORATE, NYASALAND PROTECTORATE, SOMALILAND PROTECTORATE, UGANDA PROTECTORATE, and ZANZIBAR PROTECTORATE.

AFTER DATE.—This is a phrase often written on bills of exchange, meaning after the date of the bill.

AFTER HOURS.—A transaction which occurs in

banks after the bank door have been closed for business is said to have taken place "after hours."

In country districts money may frequently be paid in after hours, and though it is not considered advisable to encourage the practice, a banker usually accommodates his customer by permitting it. If the books for the day have been closed, the customer dates the credit slip for the following day, and where cheques form part of the credit, he is warned that they will not be sent forward for collection or otherwise dealt with until the next day. In such cases it is important that the paying-in slip should be dated for the next day, otherwise the slip would be evidence that the money was paid in on the date shown on the slip. Where a customer requires the credit to be entered in his pass book when he hands over the money to the bank after hours, it should, of course, be entered as for the following day, so that the credit slip, the bank books, and the pass book will all show the same date.

A banker, however, does not, as a rule, give cash for a cheque (unless it is the customer's own cheque) after hours.

A drawer of a cheque has a right to stop payment of it and to give notice during business hours, and if a cheque is cashed after hours, the bank would be liable to refund the money to the customer in the event of a notice to stop payment being received the following morning. (See BANK HOURS.)

AFTER SIGHT.—A phrase written on bills of exchange, meaning after having been presented to the drawee for acceptance. The acceptor must insert the date of his acceptance upon an after-sight bill, in order that the holder may know the date upon which the bill becomes payable. (See PRESENTMENT.)

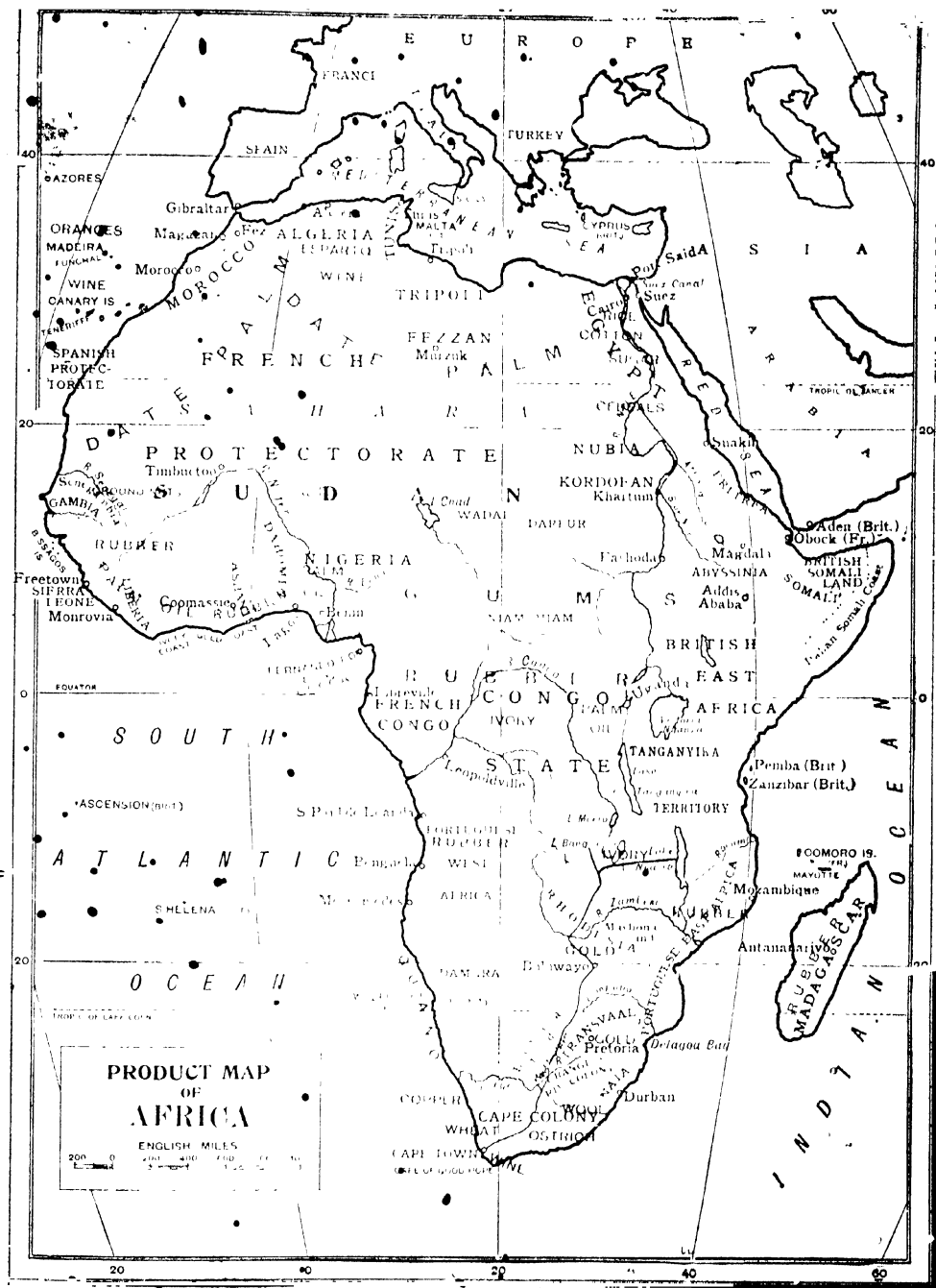
AGAR-AGAR.—A gelatinous substance extracted from a species of seaweed abounding in the Eastern seas. It is prepared by boiling the seaweed in water. In China and Japan it is much used as a food in the form of jellies, and is sometimes known as Bengal or Japanese isinglass. The Chinese also use it for dressing various fabrics and as a paper varnish.

AGATE.—A mineral composed of layers of quartz, closely compressed and of various colours. Also known as "Scotch pebble." Silica enters largely into its composition, and it also contains a mixture of oxide of iron and alumina. Though very hard, it may be finely polished, and is much used in the manufacture of ornaments. It is found in large quantities in Scotland, Saxony, India, Brazil, and Uruguay.

AGAVE.—The name of a genus of plants, all natives of tropical America, of the order *Amaryllidaceae*. The best known species is commonly called the American aloe or Century plant. The leaves yield coarse fibres, sometimes called "pita flax" or "pita thread," which are manufactured into thread, twine, rope, hammocks, etc. The fermented juice obtained from the plant is used by the Mexicans as an intoxicant under the name of "pulque." Sisal hemp, so largely used for cordage, is obtained from another species of agave, which also yields a juice which has been utilised as soap, as it makes a lather in salt as well as in fresh water.

AGE, LENGTH OF LIFE.—(See LIFE, EXPECTATION OF.)

AGENCY.—A person who is capable of entering into a contract may appoint another person to represent him in the making of the contract, and,



to some extent, in the performance of the obligations arising thereout. An agent, sometimes called an attorney, is one who is employed by another to do some legal act in place of that other; the person who is so represented in a transaction by an agent is called the principal; and the legal relationship of principal and agent, or agency, is said to arise whenever one person has authority to act on behalf of another, and consents so to act. In commercial law the expression "agency" is practically confined to a contract the object of which is that the agent shall bring the principal into legal relations with a third person for the purpose of forwarding a mercantile transaction. Agency must be distinguished from mere employment; a servant may be, and frequently is, an agent for his master, but such agency arises, not out of the contract of service, but out of quite a distinct authorisation to represent and bind the employer. In this connection the expression "agency" is often incorrectly applied as the reason for a master's liability for the acts of his servant. A servant acts directly under the control of his master, an agent, though bound to exercise his authority in conformity with the instructions by which it is limited, is not subject in its exercise to the direct control of the principal. (See also MASTER AND SERVANT.) It is essential to the relationship of principal and agent that a third party should be in existence or in contemplation. The function of the agent is to be merely a connecting link between the principal and the third party. A man cannot be an agent for himself.

Classes of Agents. Agents are divided into three classes, according to the extent of the authority given to them, viz., Special or Particular Agents, General Agents, and Universal Agents. A Special Agent is one employed to do a specific act which is not within the ordinary course of his business or profession. His authority is limited to that act, and he cannot bind his principal by any act in which he exceeds his authority, even though the third party was unaware of the limitation. Anyone dealing with a special agent is bound to ascertain the extent of the authority given to the agent. A General Agent is one who is authorised to act generally on behalf of a principal in transactions of a particular kind or connected with a certain business, or who has authority, arising out of and in the ordinary course of his business or profession, to do acts on behalf of his principal in relation thereto. The extent of his authority depends on the nature of the business, but as a rule he will be deemed to be empowered to do all such things as are usually or necessarily done in that class of employment, and any limitation of such authority must be made known by the principal, if he wishes to escape liability for the full extent of his general agent's presumed authority. A Universal Agent is a general agent whose authority extends to all acts that the principal may do by means of an agent. A mercantile agent is one having, in the ordinary course of his business as such agent, authority either to sell goods or to consign goods for the purpose of sale, or to buy goods, or to raise money on the security of goods, examples are BROKERS and FACTORS (*qv*). Other well recognised kinds of agents, with varying degrees of authority, are AUCTIONEERS, BANKERS, DEL CREDITE AGENTS, ESTATE AGENTS, INSURANCE AGENTS, PARTNERS, PATENT AGENTS, SHIPMASTERS, SOLICITORS, and STOCKBROKERS (*qv*). The extent of a wife's

authority to bind her husband as his agent is dealt with under HUSBAND AND WIFE.

Appointment. Anyone who is not incapacitated from entering into a contract may appoint an agent; anyone may be an agent. Some agents, however, are required by statute to possess certain qualifications, e.g., auctioneers must be licensed and solicitors must be qualified. Any lawful act may be deputed to an agent, except acts requiring the personal service of the obligor, either by reason of their nature or under some Act of Parliament. The mode of appointing an agent depends upon the nature of the agency. If the agent is to be empowered to contract by deed, he must be appointed by deed; such a document is generally known as a POWER OF ATTORNEY (*qv*). Agents for corporations should generally be appointed under the seal of the corporation, and a special agent appointed by a trading company should have a formal appointment under seal. Every appointment of an agent by a local authority which involves any matter of the value of over £50 must be made under the common seal of the authority.

If an agent is appointed for a term exceeding a year, or for a purpose which cannot be completed within a year, he should be appointed in writing (see CONTRACT, STATUTE OF FRAUDS), and in cases of any importance it is desirable that the terms of the appointment, and the exact limits of the authority, should be reduced into writing, and be signed by the parties. But this is not legally essential; an ordinary contract of agency may be made verbally, or may be implied from the conduct or relationship of the parties, or may arise from necessity. Agency implied by conduct is sometimes called agency by estoppel, and arises where a person has so acted as to lead another to believe that he has authorised a third person to act on his behalf, and that other in such belief enters into transactions with the third person which are within the scope of such held-out authority. A familiar example is that of a master allowing his servant to order goods from a tradesman, when, if he wishes to escape liability in respect of further orders by the servant, he must give notice to the tradesman that he will not be responsible in future. Agency by necessity is found most often in connection with the carriage of goods by land or sea, when to prevent destruction or damage of the property the carrier or ship's captain has to do something beyond his instructions, and is deemed to be able to bind his principal thereby; but cases may arise in daily life, e.g., if a water pipe bursts in the absence of the householder, and some one of his family or servants, or even a stranger, sends for the plumber, there will generally be an implied authority by necessity sufficient to make the householder responsible for the plumber's reasonable charges.

Ratification. A sort of retrospective agency may be constituted by means of the doctrine of Ratification, which enables a principal who has appointed an agent with a limited authority to adopt or ratify a contract made by the agent in excess of his original authority. After ratification, the principal becomes entitled to the benefits, and liable for the responsibilities or losses that may accrue on the ratified contract. Ratification can only take place where the agent has purported to act as an agent, where he actually had an existing principal, and where the principal, when ratifying, has full knowledge of all the material facts. A

principal must ratify the whole contract, he cannot adopt one part and repudiate another part. Examples of the application of these requirements are found in the rules of law that where an agent deals ostensibly as a principal, he cannot escape liability upon the contract by afterwards procuring a ratification by his principal, and that a company cannot ratify a contract made before the registration of the company. Until a company is registered there is no legal *persona*, and so there cannot be an agent at all. If a person contracts in his own name, without disclosing that he is acting as an agent, and without authority so to do, but intending in his own mind to make the contract on behalf of another person, that other person cannot ratify the contract so as to enable himself to sue, or liable to be sued on the contract. This was decided by the House of Lords in *Keighley, Maxted & Co. v. Durant*, 1901, A.C. 240, which is the leading modern case on the doctrine of ratification.

The Authority of an Agent. The extent of an agent's authority depends upon the terms of the document, if there is one, or it is a question of fact to be determined upon a consideration of the particular circumstances and the usages of the particular business. An authority in general terms enables an agent to do all ordinary and reasonable acts in connection with the business in hand, but not to take unusual steps or to run any extraordinary risks. If the instructions given to him are ambiguous, he is entitled to exercise a reasonable discretion, but where they are precise he is not entitled to go beyond them or to ignore them. The extent of the implied authority of an agent varies with the nature of the agency, and will be considered when dealing with the particular kinds of agents, generally speaking, however, it covers all acts which are necessary or usually incident to the exercise of the express authority. Thus a manager of a business may do anything that is necessary for the regular conduct of the business, or for the protection of the principal's interests.

Duties of Agent to Principal. A contract of agency is a personal one, and, therefore, the agent must himself do the acts or work he has undertaken. He may not, except with the express sanction of the principal, delegate his powers or duties to another. This is expressed in the common law maxim, *Delegatus non potest delegare*, but it must not be taken as excluding the right of an agent to entrust his clerks and servants with the performance of duties ordinarily entrusted to such persons, or, in general, to employ others to perform duties that do not imply personal confidence or skill, and which may be competently discharged by another. For example, a solicitor may entrust the conduct of a client's business to his clerks, and, by usage, a country solicitor may employ a London agent, who has power to bind the client. But, generally, a sub-agent is liable only to his immediate employer, the agent, who is, in turn, liable to his principal for the acts and defaults of the sub-agent.

An agent must perform without undue delay the business he has undertaken, or must inform his principal as soon as he finds it impossible to do so. He must implicitly follow any lawful instructions he receives from his principal, and must act, in all things connected with his employment, for the benefit of his principal and not for his own, save in so far as he is agreed or accustomed remuneration is concerned. He must not make any secret profits (see CORRUPTION), and must not divulge to others

his principal's secrets or information acquired in the course of the agency. He must use all proper care, skill, and diligence in forwarding the business, the degree of diligence depending upon the nature of the agency. An agent who is acting without reward must use such care and diligence as are ordinarily used by prudent men as regards their own affairs. An agent for reward must use such care, skill, and diligence as is reasonably necessary for the due performance of the business, and if his employment implies the possession and exercise of special skill, he must use that degree of skill. An agent must keep his principal informed of all material facts, and must keep accurate accounts, and produce them for the principal's inspection whenever required. He must not mix his principal's money with his own, and must, when requested, pay over, or account for, to the principal, all money received on the principal's behalf.

Duties of Principal to Agent. A principal must pay the agent the agreed remuneration as and when it is earned, or, if no special agreement has been made, such reasonable remuneration as is implied by the usage of the particular employment. Remuneration is payable only in respect of business which is the direct consequence of the agency (see also COMMISSION AGENTS), but if an agent is prevented from earning remuneration by some wrongful act or omission on the part of the principal, he may recover the actual loss sustained in an action for damages. A principal is bound to reimburse his agent all expenses properly incurred on his behalf, and to indemnify him against all liabilities arising out of the reasonable performance of the agency business, except in so far as the agency agreement provides for the agent bearing the necessary expenses or taking personal liability. An agent has a lien (*q.v.*) on property of his principal in his hands, in respect of his claim for remuneration, expenses, and indemnity.

Relations with Third Parties. If an agent acts within the scope of his authority, and contracts as an agent, and discloses his principal, he is under no obligation to the third party; the contract is deemed to be made between the principal and the third party, and they alone are liable and may sue and be sued thereunder. But an agent may incur a personal liability to the third party if he conceals his principal, acts without authority, exceeds his authority, specially pledges his own credit, or binds himself by deed (see DEED) to the third party. Further, if an agent puts his name to a bill of exchange or a promissory note, whether as drawer, acceptor, or indorser, without adding words to show that he is signing for and on behalf of a principal, he is personally liable thereon. (See BILL OF EXCHANGE.) The addition of the word "agent" to the signature is not sufficient, but the words "as agent for A.B." or "*sans recours*" (*q.v.*) will be enough to prevent personal liability attaching. If the principal is a limited company, an agent signing on its behalf should be careful to give the name of the company, with the addition of the word "limited," in the contract, or he may be subject to a penalty, or even incur personal liability on the contract.

It is, of course, open to an agent expressly to make himself personally liable on a contract, and to a third party to give credit exclusively to an agent. An agent in this country for a foreign principal is presumed, until the contrary is shown, to be contracting personally, and he will be liable

to the third party he is for the performance of the contract.

Subject to the above observations, it is the principal who is *primæ facie* liable to the third party on a contract made by an agent, and who may enforce the contract against the third party. Where, however, the third party was unaware of the agency, or of the identity of the principal, when he entered into the contract, and subsequently becomes aware thereof, he must elect within a reasonable time whether he will look to the principal or to the agent for the performance of the contract, and once he has made such election the other party will be discharged from liability.

Fraud, etc. Where an agent induces a contract by means of fraud or misrepresentation, the third party may sue either the principal or the agent in respect thereof, if the fraud, etc., was within the scope of the authority, if beyond such authority, the agent alone is responsible. An agent is, in general, deemed to warrant that he has authority from his principal to do any act or make any contract that he purports to do or make as an agent, and, if in fact his acts were not authorised, he is liable to an action for breach of warranty of authority at the suit of the third party, and if he purports to contract on behalf of a non-existent principal he is personally liable on the contract.

Torts. An agent is personally responsible to an injured person for any wrongful act committed by him in the course of his employment, and if the principal expressly authorises the wrongful act, or if the wrongful act is committed by the agent in the course of his employment and for the benefit of the principal, the latter is also responsible, and, in the last-mentioned case, even if he has forbidden the agent to commit the wrongful act in question. There are a few exceptions to this rule; thus, a trade union is not now responsible for the torts of its agents (Trade Disputes Act, 1906); a shipowner is not responsible for the errors of navigation of a pilot whom he is obliged by law to employ, and in certain cases local authorities are protected from liability for the wrongful acts of officers appointed by them.

Termination of Agency. This may arise either by the act of the parties or by operation of law. The act of the parties may be by agreement, by revocation by the principal, or by renunciation by the agent. A principal cannot, however, revoke, unless with the agent's consent, when the agency was created for the benefit of the agent and such benefit has not yet accrued, nor when the agent has incurred a personal liability, or has a lien on the subject matter, nor if the agency has been created by a deed made for valuable consideration and expressed to be irrevocable, so far, at least, as any purchaser for value thereunder may be affected. (See *POWELL ON ATTORNEY*.) If the agency has been created for a fixed period, the principal cannot summarily determine it before the expiration of that time, except for good cause. Incompetence, or negligence, or the taking of a bribe by the agent would be good cause. (See also *MASTER AND SERVANT* and *WRONGFUL DISMISSAL*.) The principal must give notice of the revocation to any person who has had dealings with the agent, or he will remain liable in respect of any subsequent transactions between such person and his former agent, which are entered into without knowledge of the revocation and on the assumption that the agent still has authority. It is also desirable to give notice by an advertisement in the

London Gazette and a local newspaper. An agent may renounce his authority at any time, subject to any claim by the principal for damages for breach of the contract of agency.

The agency is terminated by operation of law, (1) when the agreed time has expired, (2) if the continuation of the agency becomes impossible or illegal, (3) by the completion of the business, (4) by the death or insanity of either principal or agent, (5) by the bankruptcy of the principal; and (6), in certain cases, by the bankruptcy of the agent. If the agent's bankruptcy does not render him less fit to carry out the duties of the agency, his bankruptcy will not necessarily terminate the agency.

Finally, it must always be remembered that the application of these general observations to any particular agency contract may be excluded, varied, or modified by the express terms of the contract, or by the recognised custom or usage of the particular profession, trade, or business, or even by the necessities of the particular case. (See also *CONTRACT*.)

AGENDA.--The agenda may mean either the matters to be transacted at a meeting, or a list of them in concise form for the use of those managing the meeting. This list is a very essential part of the preparation for meetings, which, no matter how small or obscure, should never be started without it; and no careful chairman can afford to dispense with it. To do so would be to court confusion and error. The agenda paper should contain in the proper order everything (particularly resolutions) that is known to be coming before the meeting, including the names of movers and seconders of resolutions, and of the principal speakers generally, where these are arranged beforehand. Headings should also be provided in the proper order for matters which may be raised at the meeting without notice. It is the duty of the secretary or clerk to write out the agenda paper after consultation, according to circumstances, with the chairman.

In the case of miscellaneous meetings (e.g., political) not held under, or at least not subject to, the rules of any society or body, the agenda depends entirely upon the object of the meeting and what is arranged by the conveners. The meetings of organised bodies, on the other hand, generally follow a set form designed for the transaction of their particular business, and specified in their rules or standing orders, or established by custom. The agenda of a literary and debating society will vary from one meeting to another, according to the character of the meeting and depending on the syllabus. One night it will be a debate, another night a lecture, and so on. In considering the agenda of a society or association which exists for the holding of meetings, a very clear distinction should be drawn between those ordinary meetings and the meetings the society must periodically hold for the transaction of its internal business, e.g., presentation of accounts, election of officers, arrangements for its ordinary meetings, etc. The character of the proceedings at the two kinds of meetings is entirely different.

The meetings of local authorities follow a very precise agenda, which is usually set out at length in their standing orders.

Matters common to the agenda of meetings generally are: The election of a chairman, unless one has been appointed beforehand or there is a fixed occupant of the office, the reading of the

minutes of the last meeting (if the meeting is one of a series), adjourned business, and then the substantive new business. The minutes, the reading of which should be the first thing done, are very important, constituting as they do the official record, which, when signed by the chairman (either of the meeting recorded or of the confirming meeting), will be accepted at law as conclusive, unless the contrary is proved. No discussion should be allowed upon the minutes, except as to their accuracy as a record. The adjourned business must be taken first of the substantive business of the meeting, and if the meeting is an adjourned one, only the adjourned business may be taken. The substantive business cannot, of course, be enumerated, it is, for meetings in general, as varied as the objects for which meetings may be held. Substantive business is introduced by a motion or resolution in set terms, which is moved by one person and seconded by another. It is then open for discussion by all present, amendments may be moved to it and a decision is arrived at by putting, first the amendments and, finally, the substantive motion to the vote. As to the procedure, see CONDUCT OF MEETINGS.

If the meeting is to transact its business with despatch, the chairman must sternly exclude everything irrelevant to the matter in hand. Some control also should be exercised over business which, though relevant, is not on the agenda and is raised without notice. Public bodies almost invariably require such notice, but associations (unless the point is governed by their rules) and occasional meetings need not be so strict. It is true that such new business suddenly introduced rather puts those not previously aware of it at a disadvantage, and tends to prolong the proceedings unduly; but, on the other hand, the acceptance for discussion of fresh proposals, provided they are germane to the subject of the meeting, has the advantage of giving finality to the proceedings by disposing one way or the other of all opinions offered. But while new business is thus admitted, those introducing it should at least give notice at the commencement of the meeting, and the chairman should at the outset call for such notice if he anticipates such a contingency. This does not apply to slight matters nor (as a rule) to amendments, which cannot be foreseen until the motion itself to which they are moved comes under discussion.

In addition to the set business on the agenda, points of order may, of course, be raised at any time, and then at the end there may be votes of thanks, which will depend upon the particular circumstances of each meeting.

It occasionally happens that between the convening and the holding of a meeting something of importance happens to which a person attending the meeting desires to draw attention on the ground of urgency. This will, perhaps, be allowed, although the matter may have little in common with the rest of the business transacted at the meeting, but both its importance and urgency will have to be shown to the chairman's satisfaction. The rules of some societies expressly provide for such contingencies.

The agenda of committee meetings is subject, in the main, to the above observations, though a committee's scope of business is, of course, narrower than that of the whole body by which it was appointed and by which usually its transactions are strictly defined.

(See ORDER OF BUSINESS, COMMITTEES, CONDUCT OF MEETINGS, and the various local authorities' meetings.)

AGENT.—(See AGENCY.)

AGENT DE CHANGE.—(See COULISSE.)

AGIO.—This word comes from the Italian, and is employed in most foreign countries to indicate what in English one would call a premium. In its narrow sense—that in which it is usually employed—it indicates the difference in value between a gold currency and a depreciated silver or paper currency. In several States the principal circulating medium of the country is paper money, which is at a considerable discount as compared with gold coin. For instance, the paper currency may become so depreciated as compared with gold, that it may be necessary to pay three paper dollars for the equivalent of one gold dollar-worth of goods. The difference between the nominal and the actual value would be the "agio."

In its wider sense, the word "agio" abroad is used to denote a premium. Thus, in the case of a security issued at 100 per cent and quoted immediately thereafter at 102 per cent, the 2 per cent would be the agio; if it stood at 98 (*i.e.*, a discount of 2 per cent), it would be expressed as a disagio.

AGISTER.—(See AGISTMENT.)

AGISTMENT.—This is a contract under which a person takes in horses or other cattle to depasture on his own land for reward, usually a weekly payment in money, though other terms of remuneration may be agreed upon between the parties. It differs from a letting, in that the land is not demised for the exclusive use of the owner of the horses or cattle. Agistment is also locally known as "joisting," and cattle, the subject-matter of the contract, are sometimes called "tacks." In Scotland the term "gross-mail" is used.

Agistment is a species of bailment (*q.v.*), and the contract may be entered into verbally, since it is not one which deals with an "interest in land," *i.e.*, a contract requiring to be evidenced by writing under the Statute of Frauds (*q.v.*). The person on whose land the beasts are agisted has a sufficient interest in them to proceed civilly or criminally, as the case may be, against any third person who interferes with them or takes them away. He has not, however, in the absence of a special agreement, any lien (*q.v.*) upon them for his charge. As in other general cases of bailment, the agister must exercise reasonable care in dealing with the cattle committed to his charge, *i.e.*, he is liable for negligence. He does not act as an insurer so as to guarantee their absolute safety. The amount of care required is a question of fact, and depends upon the particular circumstances of the case. No general rule can be laid down as to what will constitute negligence. All that can be demanded is that there shall be a reasonable amount of foresight displayed, and that avoidable dangers shall be guarded against. Thus, the cattle must be properly fenced in and prevented from straying; but if the beasts are stolen without any negligence on the part of the agister, he cannot be called upon to bear the loss sustained.

A person agisting stock was, at common law, subject to the risk of the beasts being liable to be taken in distress (*q.v.*) by the landlord of the land upon which they were agisted, and the risk was always great when the agister was not a fairly

substantial person. Now, it is provided by Section 29 of the Agricultural Holdings Act, 1908—

"(1) Where live stock belonging to another person has been taken in by a tenant of the holding to be fed at a fair price, the stock shall not be distrained by the landlord for rent where there is other sufficient distress to be found, and, if so distrained by reason of other sufficient distress not being found, there shall not be recovered by that distress a sum exceeding the amount of the price agreed to be paid for the feeding, or any part thereof which remains unpaid.

"(2) The owner of the stock may, at any time before it is sold, redeem the stock by paying to the distrainer a sum equal to such amount as aforesaid, and any payment so made to the distrainer shall be in full discharge as against the tenant of any sum of the like amount which would be otherwise due from the owner of the stock to the tenant in respect of the price of feeding.

"(3) Any portion of the stock, so long as it remains on the holding, shall continue liable to be distrained for the amount for which the whole of the stock is distrainable."

The Act further provides that live stock which is the property of a person other than the tenant, and is on the holding solely for breeding purposes, shall not be distrained for rent.

It has been held, on the construction of the foregoing passages, that an agreement by which the tenant of a holding, in consideration of £2, granted to the owner of the cattle the "exclusive right to feed the grass on the land for four weeks" was not a "taking in" and that such stock were not, therefore, exempt from distress.

"Fair price," it appears, need not be an amount calculated in money, but it is quite sufficient if live stock are agisted on the terms of "milk for meat," i.e., that the agister shall take their milk in exchange for their pasture.

If the landlord persists in distraining in contravention of the provisions of the Act, i.e., when there is other sufficient distress, he may be sued by the agister for the total value of the cattle unlawfully seized by him.

AGREEMENT.—The term "agreement" is often used as another name for a contract (*qv*), but it may be even wider in meaning, for an agreement may exist between parties without amounting to a contract. In this article, however, the expression is used as meaning a document, not under seal, which contains the terms of a contract. If such a document is under seal it is more generally termed a deed, and will be dealt with under that heading, the expression "agreement" being, in common use, confined to an instrument under the hand only of the person or persons to be bound thereby. When the terms of a contract are embodied in a written agreement, the document will be deemed to be the final expression of the intention of the parties. It supercedes any verbal arrangements or negotiations, and it is not permissible to call extraneous evidence to vary or to contradict the written words. If the writing is ambiguous in its terms, evidence may be given to explain what construction of the terms was in the contemplation of the parties when they signed. For example, if John Smith agrees in writing to sell his "horse" to Peter Brown, and he has two horses, evidence may be given to show which horse was intended to be sold, but not to show that by

"horse" was intended horse and harness. Where a contract is reduced into writing as an agreement, the document must contain all the terms of the contract, e.g., the names of the parties, the consideration (*qv*), the subject-matter, and any conditions or warranties. (See **WARRANTIES AND CONDITIONS**, and where these are not implied by law see **IMPLIED WARRANTIES**.) There is one exception—the consideration need not be stated in a guarantee or suretyship agreement. As a general rule, an agreement in writing need only be signed by the party who is to be bound thereby to do or to refrain from doing something, but under certain statutes the agreement must be signed by both or all parties. Examples are: an agreement to lend money to partners in consideration of the receipt of a share of profits, without meaning responsibility as a partner; a seaman's shipping agreement; a special contract with a pawnbroker (*qv*), and an agreement to submit a dispute to arbitration (*qv*). In certain cases the signatures must be made in the presence of a witness or of witnesses, e.g., assignments of copyright in engravings, an assignment of a policy of life insurance, and sometimes transfers of shares, though these latter are generally required to be made by deed.

Unless expressly prohibited, signature may be made by an agent. A signature may be in ink or in pencil, and it is sufficient where the party holds the pen and another guides his hand. An illiterate person may sign by making his mark. The signature need not necessarily be at the foot of the document, the position is immaterial, so long as it is clear that it is intended to authenticate the document. Any document requiring authentication by a company may be signed by a director, secretary, or other authorised officer of the company, but if the contract contained in the document is one that a company can make only under seal, then the seal of the company must be affixed and be duly authenticated.

An agreement may be altered by erasure, interlineation, or addition, before it is signed, but after signature only by the consent of the parties, which should be shown by then initialing the alteration. The onus is upon a person who seeks to enforce an altered agreement to show how, when, and why the alteration was made. An unauthorised alteration by a party in a material particular renders the agreement void as against a party who was not cognisant of or did not consent to the alteration, but if an alteration is made by a stranger, it will not affect the agreement, if its original state can be proved. An alteration after signature may cause the agreement to be practically a new agreement, and so liable to further stamp duty. An agreement not under seal may be cancelled by striking out the signature with the intention that it shall become void.

An agreement under hand, which is not specifically charged with any other duty, is subject to a stamp duty of sixpence, which may be denoted by an adhesive stamp, or stamps, which must be cancelled by the person by whom the agreement is first executed. The adhesive stamp cannot be used unless it is placed upon the document and cancelled at the time when the agreement is executed. To avoid all difficulties, it is advisable that an impressed stamp should be made use of, as this conclusively fixes the date. An impressed stamp may be legally utilised if the agreement is presented to the Inland Revenue Authorities for

stamping, not more than fourteen days after the agreement has been signed. After that period there is a liability to a penalty not exceeding £10. Upon good cause shown, the authorities may remit any part of this penalty. The following agreements are exempt from duty: Where the subject-matter is not of the value of £5, for the hire of any labourer, artificer, manufacturer, or menial servant, for or relating to the sale of any goods, wares, or merchandise; if made between the master and mariners of any ship or vessel, for wages on any voyage coastwise from port to port in the United Kingdom; and, in Ireland, certain agreements between landlord and tenant. An unstamped agreement cannot be produced in evidence in a court of law, unless the amount of duty and penalty, and a further sum of £1, is first paid to the officer of the court on behalf of the Commissioners.

In deciding whether a document comes within an exempted class or not, the primary object of the agreement must be regarded. If, for instance, the agreement would in the ordinary course of events ultimately result in the sale of goods, it will not require a stamp because it incidentally contains terms relating to the warehousing of the goods, and, on the other hand, a tenancy agreement will not be exempt from duty, because it also provides for the purchase by the tenant from the landlord of certain goods to be used on the demised premises. (See also CONTRACT, DEED, STATUTE OF FRAUDS.)

AGRICULTURAL HOLDINGS ACTS.—The object of the Agricultural Holdings Acts has been to secure agricultural tenants compensation on quitting their holdings for the unexhausted value of improvements they have made. Before the first Act of 1875 they were not so entitled, except by some special custom or agreement, but under this Act the parties could contract out, and its protection was practically useless. By the Agricultural Holdings Act, 1883, contracting out was forbidden, and this has remained a permanent feature in the series of Acts passed down to the year 1906; and in the Act now governing the whole subject—the Consolidating Agricultural Holdings Act, 1908 (8 Edw VII, c. 28), which came into operation on January 1st, 1909 (which has been slightly amended and explained by two short statutes passed in 1913 and 1914 respectively)—a "holding" is any land held by a tenant which is either wholly agricultural or wholly pastoral, or in part agricultural and as to the rest pastoral, or in part cultivated as a market garden (see *infra* MARKET GARDENS), but it must not be let to the tenant during his continuance in any office, appointment, or employment held under the landlord.

Compensation for Improvements. A tenant of such a holding, when the tenancy is over and he quits, is entitled as compensation from the landlord to such sum as fairly represents the value of the improvement to an incoming tenant.

There are some improvements for any one of which the tenant must obtain the written consent of the landlord to entitle him to compensation. They are in Part I of the first schedule, and are: (1) Erection, alteration, or enlargement of buildings; (2) formation of silos; (3) laying down of permanent pasture; (4) making and planting of osier beds; (5) making water meadows or works of irrigation; (6) making gardens; (7) making or improvement of roads or bridges; (8) making or improvement of watercourses, ponds, wells, or

reservoirs, or of works for the application of water power, or for supply of water for agricultural or domestic purposes; (9) making or removing permanent fences; (10) planting of hops; (11) planting of orchards or fruit bushes; (12) protecting young fruit trees; (13) reclaiming of waste land; (14) warping or weiring of land; (15) embankments and sluices against floods; (16) erection of wirework in hop gardens.

In respect of (17) drainage, before making it the tenant must give notice to the landlord. It is Part II of the first schedule.

Improvements for which neither consent nor notice is necessary, and which are Part III of the first schedule, are: (18) Chalking of land; (19) clay-burning; (20) claying of land or spreading blaes upon land; (21) liming of land; (22) marling of land; (23) application to land of purchased artificial or other purchased manure; (24) Consumption on the holding by cattle, sheep, or pigs, or by horses other than those regularly employed on the holding, of corn, cake, or other feeding stuff not produced on the holding; (25) consumption on the holding by cattle, sheep, or pigs, or by horses other than those regularly employed on the holding, of corn proved by satisfactory evidence to have been produced and consumed on the holding; (26) laying down temporary pasture with clover, grass, lucerne, sainfoin, or other seeds, sown more than two years prior to the determination of the tenancy; (27) repairs to buildings necessary for the proper cultivation or working of the holding, other than repairs which the tenant is himself under an obligation to execute. Notice in writing must be given to the landlord by the tenant that he intends to execute these repairs, with particulars, and they are not to be made, unless the landlord fails to do them within a reasonable time.

There will be deducted from the compensation any benefit allowed the tenant for making the improvement; also the manurial value of any "crops" disposed of by the tenant contrary to custom or agreement within the last two years of the tenancy.

To obtain compensation a claim must be made before the tenancy comes to an end, unless the improvement is made after the tenancy has ended, and the tenant lawfully remains in occupation of a part of the holding, in this case the claim may be made before he quits that part. The notice of the claim need not, though it is better that it should, be in writing; and in this case, as in all others, where notices or demands or other documents have to be served, they can be sent by registered postal packet. If they are for the landlord, they may be sent to his authorised agent.

The landlord himself, and not the incoming tenant, is responsible for the compensation, even if there is a custom for the incoming tenant to pay, and if the incoming tenant, with the landlord's written consent, pays the outgoing tenant, he can claim for the amount when he quits.

If the tenant has any claim, by custom, agreement, or otherwise, to compensation, he can rely on that, instead of the Act, if he thinks it more advantageous than claiming under the Act. When the consent of the landlord for improvements is necessary, he may either give it simply, or he and the tenant may agree on terms; and any compensation under the agreement will stand instead of compensation under the Act. A tenant who makes these improvements without consent can

6d.
Stamp

AGREEMENT to serve as an ASSISTANT to MEDICAL PRACTITIONER
with a stipulation not to practise within a certain
area for a certain number of years on the termination
of the agreement.

AGREEMENT made this 21st day of October 19... between John Jones
and Alfred Smith of 785 Croxted Road Dulwich in the County of London
Medical Practitioners of the one part and Thomas Robertson of 893
Strand in the County of London Medical Practitioner of the other part
WHEREBY it is agreed as follows:—

1. The said John Jones and Alfred Smith hereby agree to engage
the said Thomas Robertson and the said Thomas Robertson agrees to
enter into and continue in the service of the said John Jones and
Alfred Smith or the survivor of them as assistant in every branch of
their profession practice and business of physicians surgeons
accoucheurs and apothecaries from the 23rd day of October 19... for
the period of two years calculated from the said 23rd day of October
19... and thereafter until the engagement of the said Thomas
Robertson is terminated by notice as hereinafter provided.

2. The said Thomas Robertson shall while he shall continue in
the service of the said John Jones and Alfred Smith or the survivor
of them faithfully and diligently serve them or him as such
assistant as aforesaid and devote his whole time to such service
and at all times obey and comply with their or his lawful commands
and directions in relation to the said business and practice and to

the utmost of his skill and ability serve and promote the interests of the said John Jones and Alfred Smith or the survivor of them and shall not at any time except in the case of sickness or unavoidable accident, absent himself from their or his service without their or his consent and shall not without such consent divulge or disclose any of the secrets concerns or affairs of the said business or practice.

3. The said John Jones and Alfred Smith or the survivor of them shall pay to the said Thomas Robertson while he shall remain in their or his service and duly perform the agreements on his part herein contained a salary of £150 per annum and so in proportion for any less period than a year by equal monthly payments on the 23rd day of each month the first payment thereof to be made on the 23rd day of November, 19--.

4. In case of the absence of the said Thomas Robertson from the service of the said John Jones and Alfred Smith or the survivor of them owing to sickness or other unavoidable cause during a continuous period of more than 10 days the said John Jones and Alfred Smith or the survivor of them may if they or he shall think fit appoint a substitute for the said Thomas Robertson and may remunerate him as they shall think fit out of the salary hereby provided for the said Thomas Robertson.

5. The said Thomas Robertson shall pay the sum of £5 as liquidated damages to the said John Jones and Alfred Smith or the survivor of them for every day during which he shall absent himself

from their or his service without their or his consent for any reason other than sickness or other unavoidable cause.

6. The engagement of the said Thomas Robertson may be terminated at any time after the 23rd day of October 19-- by either party on giving to the other party three calendar months' notice in writing expiring at any time after such day on leaving such notice addressed to such other party at the surgery or place of business of the said John Jones and Alfred Smith or the survivor of them. And the engagement of the said Thomas Robertson shall also cease in the event of the dissolution at any time of the partnership of the said John Jones and Alfred Smith otherwise than by death.

7. The said Thomas Robertson shall not at any time while he shall remain in the service of the said John Jones and Alfred Smith or the survivor of them or within five years after he shall have left such service follow use or carry on at 785 Croxted Road aforesaid or within 20 miles thereof the profession practice or business of a physician surgeon accoucheur or apothecary either in his own name or in the name or names of any other person or persons and either directly or indirectly. AND shall not during such period enter into the service of any person or persons other than the said John Jones and Alfred Smith as assistant or otherwise in or in relation to any such profession practice or business as aforesaid within the limits aforesaid and shall not during the period aforesaid endeavour or attempt directly or indirectly to induce any person or persons to cease from employing the said John Jones and

Alfred Smith or the survivor of them in the way of their or his profession practice or business or to induce any person or persons within the limits aforesaid so to employ any person or persons other than the said John Jones or Alfred Smith or one of them.

IN WITNESS whereof the said parties have hereunto set their respective hands the day and year first above written.

Signed by the above named
John Jones in the presence of } JOHN JONES

GEORGE WILLIAMS

786 Croxted Road

Dulwich, S.E.

Solicitor

Signed by the above named
Alfred Smith in the presence of . } ALFRED SMITH

GEORGE WILLIAMS

786 Croxted Road

Dulwich, S.E.

Solicitor

Signed by the above named
Thomas Robertson in the presence of } THOMAS ROBERTSON

HENRY SMYTHE

1165 Strand, W.C.

Architect

[N.B.—The document must be signed by each party or by his duly authorised agent. The witness must sign personally.]

still claim compensation, if a right exists by custom; but if not, he has no claim under the Act.

The notice as to drainage improvements Part II of first schedule must be given, in writing, not more than three, and not less than two, months before beginning the work, and the manner in which it is proposed to do it must be stated. The landlord and tenant may agree as to compensation, and, if so, this takes the place of that under the Act. If no agreement is made, and the tenant does not withdraw his notice, the landlord may do the work in any reasonable and proper manner, and recover as rent a sum not exceeding 5 per cent. per annum on the outlay, or not exceeding such annual sum payable for twenty-five years as will repay the outlay in that time, with interest at 3 per cent. per annum. If the landlord does not do the work in a reasonable time, the tenant may do it and have compensation. An agreement may be made under the contract of tenancy, notices being dispensed with.

As regards the improvements the tenant can make without either consent or notice, in Part III of first schedule, if an agreement in writing is made between landlord and tenant, that the tenant shall have fair and reasonable compensation, having regard to the circumstances existing at the time of making it, this will take the place of compensation under the Act.

All disputes as to compensation are referred to arbitration, as prescribed by the Act. Any sum claimed to be due to the tenant from the landlord for any breach of contract or otherwise in respect of the holding, or to the landlord from the tenant for any waste wrongfully committed or permitted by the tenant, or in respect of breach of contract, or otherwise in respect of the holding, may be referred to the arbitrator. The parties must give notice in writing of their claims not later than seven days after the appointment of the arbitrator.

By an agreement for letting a farm, a tenant was to stack all crops of hay and straw and consume them on the farm, and spread the manure arising from them. Some of the hay and straw was accidentally destroyed by fire, and the landlord was held not to be entitled to the manorial value. (*In re Hall and Lady Meux's Arbitration*, 1905, 92 L. T. 65.)

A tenant, whether from year to year or for a term, cannot claim for improvements made in the last year, except for manuring, unless the landlord assents after notice given of intention to make the improvements or fails to object within a month, or, in the case of a tenancy from year to year, the tenant has begun the improvement during the last year of the tenancy, and quits in consequence of notice from landlord.

Compensation for Damage by Game. Where a tenant has no right in game, and has no permission in writing from the landlord to kill it, he has a claim against the landlord for damage exceeding 1s. per acre. Notice in writing of the damage must be given to the landlord as soon as possible after it is first noticed by the tenant, and a reasonable opportunity given to the landlord to inspect it. In the case of growing crops, the opportunity must be given before they are begun to be reaped, raised, or consumed, if they are raised or reaped, then before they are begun to be removed. Also notice in writing of the claim, with particulars, must be given to the landlord within one month after the expiration of the year for which the claim is made.

The tenant cannot contract out; but, he may make an agreement as to compensation after the damage is done. If no agreement is made, the claim goes to arbitration. If the claim for damage by game goes to the arbitrator, he must allow the landlord for any compensation he has to make on that account under the contract of tenancy. (See *infra*.)

The landlord can claim to be indemnified for any compensation he has to pay by any other person who has the right to kill and take the game. Game in this Act means deer, pheasants, partridges, grouse, and black game.

Compensation for Unreasonable Disturbance. In addition to compensation for improvements, compensation is given in the following circumstances: First, if the landlord, without good and sufficient cause, and for reasons inconsistent with good estate management, ends the tenancy by notice to quit, or having been requested in writing, at least one year before the expiration of the tenancy, to grant a renewal refuses; secondly, if it is proved that increased rent was demanded on improvements made by the tenant, for which he has received no equivalent compensation, and the tenant leaves in consequence.

In both cases the tenant is entitled to be compensated for the loss or expense directly due to his quitting unavoidably incurred upon or in connection with the sale or removal of his household goods, or his implements of industry, produce or farm stock on, or used in connection with, the holding.

But there is no compensation unless the landlord has a reasonable opportunity of making a valuation, unless the tenant within two months after the notice or refusal gives notice in writing of claiming compensation, if the tenant under the contract of tenancy has died within three months of the notice to quit, or, if there is a lease for years, before the refusal to renew; if the claim for compensation is not made within three months after the tenant quits.

It will be seen that the ground on which this class of compensation stands may be very disputable; but as an illustration of "without good and sufficient cause and for reasons inconsistent with good estate management," we may give the shooting of hares on the holding by the tenant. We can hardly venture beyond such a simple instance until there are decisions of the Courts on the point.

Compensation in Case of Tenancy Under Mortgage. Where a holding is mortgaged, and the tenant has not a lease made under the Conveyancing Act, 1881, by the mortgagor or mortgagee when in possession, he may, under the ordinary law, be evicted by the mortgagee without notice and without compensation, if he began his tenancy under the mortgagor, after the mortgage was made, without the mortgagee assenting or being a party to it.

To lessen this grievance, the Agricultural Holdings Act provides as follows: The tenant has the same right to compensation against the mortgagee who is in possession as against the mortgagor as respects crops, improvements, tillages, or other matters connected with the holding, whether under the Act, or custom, or an agreement authorised by the Act.

When the tenancy is from year to year, or for a term not exceeding twenty-one years, at a rack-rent, if the mortgagee intends to turn out the tenant, otherwise than as the contract of tenancy provides, he must give him six months' notice. If

he does turn him out, compensation is due for crops, and for any expenditure the tenant has made in the expectation of remaining his full term, so far as the improvement from it is not exhausted.

Any sum found due for compensation or costs connected therewith may be set off against any rent or other sum due from the tenant in respect of the holding.

Arbitration. As has been said, if the landlord and tenant fail to agree as to compensation in regard to amount, time, or mode of payment, the differences are to be settled by arbitration in the manner prescribed by the Act. This applies to all questions which under the Act or under the contract of tenancy are referred to arbitration, and whether the matter arises before or after the passing of the Act. There is to be a single arbitrator, who must proceed according to the provisions of the second schedule of the Act. He is a person either agreed on or nominated by the Board of Agriculture and Fisheries on application of either of the parties.

Any improvement made after the determination of the tenancy, but while the tenant remains in occupation of part of the holding, may be made the subject of a separate award.

The arbitrator may state a case on any question of law for the opinion of the county court of the district. There is no appeal except in accordance with the Supreme Court rules, any appeal is to the Court of Appeal, whose decision is final. Persons giving false evidence before the arbitrator are guilty of perjury.

Recovery of Compensation and Other Sums Due.

Any sum agreed or awarded not paid by landlord or tenant within fourteen days after it is made payable is a debt recoverable in the county court, and judgment may be followed by seizure and sale of goods in the ordinary course. There is, however, a difference when the tenant's debt is due from a landlord who is a trustee or a mortgagee. In both these cases the amount due is not recoverable personally against the trustee or mortgagee, but is to be a charge on and recoverable against the holding only. Either on agreeing to pay or after paying the tenant, they may obtain a charge on the holding from the Board of Agriculture and Fisheries for the amount. If they do not pay him within one month after the amount is due, the tenant can obtain a charge from the Board on the holding for the sum due and the costs of obtaining the charge.

Charges on the Holding. Besides the charges thus spoken of, there are charges on the holding which may be obtained by the landlord, who receives the rents and profits on his own account. When he is a life owner, it might be burdensome for him to pay all at once the amount of compensation under the Act. By getting the charge, the amount is repaid to him by instalments extending over a course of years. Moreover, the life owner under a family settlement is usually forbidden to charge the land on penalty of forfeiting his interest. The Act allows the landlord to obtain a charge for money paid for improvements made under the first schedule or expended by him under Part II of the first schedule. The Board of Agriculture and Fisheries, on his application, directs on what terms for repayment the charge is to be made and how it is to be given effect to.

If the landlord is not absolute owner of the holding for his own benefit (that is, of limited interest or holds in right of another), no instalment or interest is to be made payable to him after the

time when the improvement will, in the opinion of the Board, have become exhausted.

The charge continues for the landlord's interest in the holding, and for all interests therein subsequent to his, and can be enforced against the holding by the landlord's executors or administrators, or anyone to whom he may have assigned it. But if the landlord is a leaseholder, the charge lasts only during the term, and does not bind the reversioner, the person who granted the lease, when the term is ended.

Any charge made by the Board in favour of either the landlord or the tenant under the Act is a land charge within the meaning of the Land Charges Registration and Searches Act, 1888, and may be registered at the Land Registry, and if not, it is void as against a purchaser of the land for valuable consideration.

The person entitled to the charge may assign it to any company incorporated by Parliament having power to advance money for the improvement of land.

The arbitrator who makes an award must, at the request and cost of the person entitled to obtain the charge, certify the amount to be charged, and the term for which the charge may be properly made, having regard to the time at which each improvement is to be deemed to be exhausted.

Capital money under the Settled Land Acts may be applied in payment of charges under the Agricultural Holdings Act, or for improvements thereunder, or under custom, agreement, or otherwise.

Miscellaneous Rights of Landlord and Tenant.

1 All engines, machinery, fixtures, trade, ornamental, domestic, and agricultural, affixed or built by the tenant, for which the tenant is not entitled to compensation, and which he was under no obligation to affix or erect, or which were not instead of some fixture or building belonging to the landlord, may be removed either before or within a reasonable time after the determination of the tenancy; but before removal the tenant must pay all rent, and satisfy his other obligations to the landlord in respect of the holding, all damage must be made good, he must give the landlord a month's previous notice in writing of his intention to remove the fixtures. Acquired fixtures, those that were purchased from the previous tenant, may be purchased by the landlord at a fair value to an incoming tenant, if he gives a month's notice in writing to the tenant before the expiration of the notice of removal.

Fixtures acquired since September 31st, 1900 are included in this, but no fixture affixed or erected before January 1st, 1884, can be removed under the Act.

2 In a case of tenancy from year to year, a year's notice to quit, expiring within a year of tenancy, must be given, unless there is an agreement in writing to the contrary, or where a reversing order is made against the tenant.

The landlord may give such notice to quit part of the holding if in the notice he states it is with a view to the use of the land for the following purposes: (1) The erection of farm labourers' cottages or other houses, with or without gardens, (2) the provision of gardens for farm labourers, cottages, or other houses, (3) the provision of allotments for labourers, (4) the provision of small holdings as defined by the Small Holdings and Allotments Act 1907, (5) the planting of trees, (6) the

opening or working of any coal, ironstone, brick earth, or other mineral, or of a stone quarry, clay, sand, or gravel pit, or the construction of any works or buildings to be used in connection therewith; (7) the making of a watercourse or reservoir; (8) the making of any road, railway, tramway, siding, canal, or basin, or any wharf, pier, or other work connected therewith.

The tenant may within twenty-eight days of receiving the notice give the landlord a counter notice that he accepts it as a notice to quit the entire holding. When the tenant does so he must send in notice of any claim to compensation in the ordinary way. If he quits part of the holding, he is entitled to compensation as if the part were a separate holding, and to proportionate reduction of rent, and compensation for depreciation, if any, of the rest of the holding. Disputes are to be settled by arbitration under the Act.

3 The landlord or his agent may enter at all reasonable times to view the state of the holding.

4. No higher rent or other sum is to be recoverable by distress or otherwise as penalty or liquidated damages, even though so agreed in the contract of tenancy, for any breach of a term or condition in the contract. Only the actual damage is recoverable, but these "penal rents" are still permitted in the four cases of breaking up permanent pasture, the grubbing of underwoods, the felling, cutting, lopping, or injuring of trees, and the burning of heather.

5 Any system of cropping arable land may be followed, notwithstanding any custom, or the contract of tenancy, or agreement, and the produce disposed of at discretion (except in the last year of the tenancy, or after the giving or receiving notice to quit), without any penalty, forfeiture, or other liability, but suitable provision must previously be made for protecting the holding from deterioration. In the case of disposal of produce, the tenant must return to the holding the full equivalent manual value of all crops sold off in contravention of custom, contract, or agreement. The landlord is amply protected; he may sue for damages or get an injunction (*per*) for prospective damages. The amount of damages is to be settled by arbitration. It is evident that a proper record should be kept of all produce sold off and of the provision made to protect the holding from deterioration. The tenant is not entitled to compensation for improvements comprised in Part III of the first schedule, when they have thus been made to protect the holding from deterioration.

6 Either party may require a record to be made (within three months of the commencement of a tenancy, if it has begun since January 1st, 1909) of the state and condition of all buildings, etc. If the parties do not agree on the person to make the record, the Board will appoint a person, and the cost will be borne in equal proportions by landlord and tenant.

7 The landlord cannot legally distrain for more than one year's arrears of rent; but he can recover six years' arrears by action.

Agisted stock (any animal that can be distrained) can only be distrained for the price of the feed remaining unpaid, and when there is no other sufficient distress on the holding. Machinery hired from others for the tenant's business, and live stock of others on the premises for breeding purposes, are exempt from distress.

Disputes as to distress are to be heard by the county court or the petty sessions.

If compensation has been ascertained, it will be set off against the rent; the landlord can only distrain for the balance.

Other Provisions in the Act. Proceedings, where the landlord or tenant is an infant, or of unsound mind not so found by inquisition, for appointment of a guardian are to be taken in the county court.

Where a married woman is not entitled to deal with her property as if she were a single woman, the concurrence of her husband is necessary for the purposes of this Act, and she must be examined apart from him by the judge of the county court.

Where an Act of Parliament or any instrument provides that land may be leased only if the best rent is reserved, any improvements under this Act are not to be taken into account in estimating such rent.

The Act applies to Crown lands, to those of the Duchies of Lancaster and Cornwall, and to Ecclesiastical and Charity Lands under the direction of the Ecclesiastical and Charity Commissioners.

As to holdings not strictly agricultural, see MARKET GARDENS.

AGRICULTURAL LABOURERS.—Who are

Agricultural Labourers. Agricultural labourers might obviously be defined as those manual labourers or workmen who enter into a contract of hiring and service with an employer to work for him in the business of cultivating agricultural land; but the difficulty of such a definition would be that we should still have to ask what is meant by agricultural land. No general definition will be found anywhere, and it may be best for the purposes of this article to consider that whether a workman is an agricultural labourer or not is a question which depends on the facts of each particular case.

Description in Various Acts. A judge has said that "there are three main methods of utilising the soil, *i.e.*, agriculture, horticulture, and forestry. These things are entirely distinguishable, and any one of them is not to be held as including any other without special provision to that effect."

(a) *Agricultural Holdings Act, 1908.* There is no definition of what an agricultural holding is, but it includes for the purposes of the Act market gardens.

(b) *Agricultural Rates Act, 1896.* In the Agricultural Rates Act, 1896, agricultural land includes arable, meadow, or pasture ground. But evidently agricultural labourer could not be defined by any reference to such Acts.

(c) *The Workmen's Compensation Act, 1900.* The ambiguity of the adjective "agricultural" for distinguishing a labourer on a farm from other kinds of servants is shown by the Workmen's Compensation Act, 1900 (63 & 64 Vict. c. 22), which applied the Workmen's Compensation Act, 1897 (60 & 61 Vict. c. 37) to the employment of workmen in agriculture. The expression "agriculture" in the former Act includes horticulture, forestry, and the use of any land for any purpose of husbandry, inclusive of the keeping or breeding of live stock, poultry, or bees, and the growth of fruit and vegetables. Now, in a case of *Smith v. Coles*, 1905, 2 K B 827, a carpenter was employed as such by the farmer, but he worked as hawster at the hay and corn harvests, and did thatching for the corn and straw ricks. Was he a person employed in agriculture? was he an agricultural labourer? One of the judges said: "Looking at the words of the

Act, and taking them in their popular sense, I think that they cannot be confined to the manual operations of tilling, sowing and reaping. For instance, suppose a man employed on a farm is mainly occupied in the work of hedging and ditching, I should not be disposed to say that he was not employed in agriculture within the meaning of the Act."

It may be said, then, that so far as the law deals with agricultural labourers as servants, it deals with them under the general law of master and servant, but does not give a precise definition. Where legislation makes special provision regarding agricultural labourers, there will be a definition specially applicable to the purposes of the statute.

(d) *The Labourers' (Ireland) Act, 1883* (46 & 47 Vict. c. 60), and the amending Act, 1886 (49 & 50 Vict. c. 59), which relates to better housing for agricultural labourers, there is this definition: "that an agricultural labourer shall be considered as a man or woman who does agricultural work for hire at any season of the year on the land of some other person or persons, and shall include hand-loom weavers and fishermen doing agricultural work as aforesaid, and shall also include herdsmen."

Acts relating to Agricultural Labourers. 1 In the *Agricultural Gangs Act, 1867* (30 & 31 Vict. c. 130), it is recited that in certain counties in England certain persons known as gang-masters hire children, young persons, and women, with a view to contracting with farmers and others for the execution on their lands of various kinds of agricultural work, and that it is expedient to make regulations in regard to their employment by gang-masters. No child under eight is to be employed, no female is to be employed in the same gang with males, no female is to be employed in any gang under any male gang-master unless a female licensed to act as gang-master is also present with the gang. The gang-master and the occupier of the land are liable to a penalty not exceeding 20s. for any contravention of this regulation. The gang-master must be licensed by the justices; and no licence is to be granted to keepers of public-houses. The age at which children may be employed has, of course, been raised by successive Education Acts; and now under the Education Act, 1918, it is fixed at 14 instead of 8.

2. The words "workman or labourer" are used in the Sunday Observance Act of 29 Chas. II, c. 7, 1677. They are meant to cover persons who are in the employment of others, and are prohibited from working in their ordinary callings upon the Lord's Day, except on works of necessity and charity. But it was doubted by the Court of Queen's Bench, in 1864 (*R. v. Silvester*, 33 L. J. M. C. 79) whether the word "labourer" in that Act applies to an agricultural labourer, and by the same case it is decided that a farmer, though he works with his own hands, is not an agricultural labourer, even if the statute does apply to agricultural labourers; he is not in the same category of workers.

3. By the Workmen's Compensation Act, 1900, the right of a workman under the Workmen's Compensation Act, 1897, to be compensated for personal injuries met with by accident arising out of and in the course of his employment was extended to workmen in agriculture. Of course, agricultural labourers are embraced in the Workmen's Compensation Act, 1906. Such workmen who are in the service of a contractor undertaking any work in agriculture have the same rights against the person

for whom the work is done as if he were their employer; but if the contractor provides and uses machinery driven by mechanical power for threshing, ploughing, or other agricultural work, the contractor alone is liable. A workman who is mainly an agricultural labourer, but does partly or occasionally other work, comes under the Act in both capacities. Work in agriculture under this Act includes horticulture and forestry, and the use of land for any purpose of husbandry, inclusive of the keeping or breeding of live stock, poultry, or bees, and the growth of fruit and vegetables. This is another example of the varying definition of "agriculture" and hence of "agricultural labourer."

4. By the Employers and Workmen Act, 1875 (38 & 39 Vict. c. 90), which enlarges the powers of county courts and gives the magistrates' courts jurisdiction in disputes between employers and workmen, labourers or servants in husbandry are included amongst the persons to whom the Act applies. Under this Act it has been held that a person engaged to keep the accounts of a farm, to weigh out food for cattle, add so on, is not a servant in husbandry, his work not being manual labour.

5. Similarly, an agricultural labourer is within the Payment of Wages in Public Houses Prohibition Act, 1883 (46 & 47 Vict. c. 31), and also within the Truck Amendment Act, 1887 (50 and 57 Vict. c. 46). But in the latter it is provided that it is not illegal for a contract with a servant in husbandry to make food, drink, not being intoxicating, a cottage, or other allowances or privileges, in addition to money wages, part of the remuneration for his services. (See TRUCK ACTS.)

6. Under the Bankruptcy Act, 1914, the wages of any labourer, not exceeding £25, whether payable for time or for piece-work, for services rendered during two months before the date of a receiving order, are amongst those debts which have priority. (See BANKRUPTCY.)

In the case, however, of a labourer in husbandry, who has entered into a contract for the payment of a portion of the wages in a lump sum at the end of the year of hiring, he has priority in respect of the whole sum, or such part thereof as the court may decide to be due under the contract, proportionate to the time of service up to the date of the receiving order or the commencement of the winding-up.

The Hiring Agreement. In this reference to the end of the year of hiring we see one of those special points which distinguish the legal relation of the employer and the agricultural labourer from the general relation of master and servant. If there is no time fixed by the contract with an agricultural labourer, the hiring is for a year; and this presumption is founded upon the universal custom of hiring servants at statute fairs in olden times, when the hiring was usually until the next annual fair. The contract of hiring may be made on a Sunday, as entering into it is not business or work of the ordinary calling of farmer or labourer within the Sunday Observance Act, 1677, which is mentioned above. The agricultural labourer on such a yearly hiring must give a whole year's service before he is entitled to receive his wages, unless otherwise agreed; and it cannot be terminated before the end of the year without an agreement by both parties to this effect.

When special terms are arranged in a contract, it will depend on the construction of the terms whether a year or other term of service was really

intended to be agreed on. Thus there might be, as in one case there was, a hiring of "two guineas a week for one year," and the judge there construed this as meaning not a yearly but a weekly hiring. As the yearly hiring cannot be terminated without common consent, the illness of the agricultural labourer would not entitle the employer to dismiss him, and he would be liable for the year's wages. In this yearly hiring, as in other cases, the agricultural labourer must be of competent skill to perform the duties he has undertaken. He warrants this; and if he has not the skill he may be dismissed before the end of the year. The same remark applies where the agricultural labourer violates any duty which is implied in this as in any other contract of service. If he refuses to obey orders, he cannot recover a proportionate part of his wages earned up to the time of his disobedience. There is no material difference between a servant who will not and a servant who cannot perform the duty for which he is hired. It is a justification for dismissing a yearly servant before the expiration of the year that he has been guilty of moral misconduct, pecuniary or otherwise, wilful disobedience, or habitual negligence. As the annual hiring of agricultural labourers is founded on custom, so any incidents of it that can be proved by custom would form part of it. Thus, although neither party can, as a rule, put an end to it by simply giving notice to the other, there might nevertheless be a local custom which would enable this to be done, and this would be one of the terms of the contract, but since the days when it was customary for the agricultural labourer to be hired by the year, lodged and boarded in his employer's house, and his wages only paid at the end of the period, or at customary times during the year, the manner of making contracts has very considerably changed. The contracts now made between farmers and agricultural labourers are as varied in regard to their terms, to suit varieties of circumstances, as the contracts between master and servant in other branches of industry, and their construction more largely depends on the general rules applicable to contracts.

Minimum Wage. The unsatisfactory position of the farm labourer, as far at least as his wages are concerned, has been a matter of adverse criticism for many years. A new era, however, opened with the passing of the Corn Production Act, 1917, the second part of which deals with the wages of agricultural workmen and establishes the doctrine of the minimum wage (*q.v.*), which is not to be less than 25s. per week. By the same Act the Board of Agriculture and Fisheries is authorised to establish an Agricultural Wages Board to regulate all questions as to wages, the conditions attaching to piece-work, and other matters of a cognate nature. For full details as to the provisions of the statute, the Act and the regulations of the Board must be consulted.

AGRICULTURE AND FISHERIES, BOARD OF.—The Board known by this title has been in existence since 1903. It was established in 1889, and was until 1903 styled the Board of Agriculture. It consists of the Lord President of the Council, the principal Secretaries of State, the First Commissioner of the Treasury, the Chancellor of the Exchequer and of the Duchy of Lancaster, and the Secretary for Scotland, and others may be appointed. The President of the Board must be a privy councillor, and the Board cannot act unless the

President or one of the above-named officers of State is present. The President of the Board may be a member of the House of Commons, and he is, in fact, always in the Governments from time to time in power. Moreover, he, with the officials acting under him, the Permanent Secretary, and the Parliamentary Secretary are the real executive.

The Act of 1889 (52 & 53 Vict. c. 30) transferred to the Board of Agriculture the powers and duties which had been exercised previously by certain bodies—

1 The powers and duties of the Privy Council under the Destructive Insects Act, 1877, and a series of Contagious Diseases (Animals) Acts from 1878 to 1886, which Acts were consolidated by the Act of 1894. (This last-named Act has been amended and extended by Acts in 1913 and 1914.) It is under this Act that the Board issues regulations respecting the muzzling of dogs and makes orders for their control.

2 The powers and duties of the Land Commissioners for England under the Tithe Rent-charge Acts from 1836 to 1888; the Copyhold Acts from 1841 to 1887; the Inclosure of Commons and Allotments Acts from 1845 to 1887; the Acts relating to Metropolitan Commons from 1866 to 1878, and the Drainage and Improvement of Land Acts from 1846 to 1877. A number of miscellaneous Acts must be added ranging from 1849 to 1888. Some of the more important of these are the Universities and College Estates Acts of 1858 and 1860; the Public Schools Acts of 1868 and 1873; the Settled Land Acts and the Agricultural Holdings Act then in force, and the Glebe Land Act, 1888. In short, the Land Commission came to an end, and whatever Acts had been administered by the Land Commissioners, a body which had existed since 1882, and had superseded the Tithe, Copyhold, and Inclosure Commissioners, were in future to be administered by the Board.

3 All the powers and duties of the Commissioners of Works under the Survey Act, 1870, so that the Board is the head of the Ordnance Survey (*q.v.*)

The Act of 1889 placed on the Board the duty of collecting and preparing statistics relating to agriculture (which includes horticulture) and forestry. The Board may undertake the inspection of and reporting on any schools (not public elementary schools) in which practical or scientific instruction is given in any matter connected with agriculture or forestry. It may aid any such school which admits inspection, and any system of lectures or instruction connected with agriculture or forestry, and may inspect and report on any examinations in agriculture or forestry.

It may also make or aid in making such inquiries, experiments, and researches, and collect or aid in collecting information important for promoting agriculture or forestry.

By Order in Council there may be transferred to the Board from Government departments statutory duties that are of an administrative character, and relate to agriculture or forestry. Thus, by an Order in Council of July 30th, 1891, the duties of the Board of Trade under the Corn Returns Act, 1882 (45 & 46 Vict. c. 37), were transferred to the Board of Agriculture; and, in 1903, certain powers and duties of the Commissioners of Public Works in respect of Kew Gardens were so transferred to the Board. Again, the Board is responsible for the administration of the Sale of Food and Drugs Acts

in England and Wales, so far as the latter refer to agricultural produce.

Until 1903, the Board of Trade (*q.v.*) had been the controlling and administrative body under many Acts of Parliament relating to fisheries. By the Board of Agriculture and Fisheries Act, 1903 (3 Edw. VII, c. 31), the powers and duties of the Board of Trade under these enactments, and under any local or personal Act relating to the industry of fishing, were transferred to the Board of Agriculture and Fisheries, as the Board of Agriculture was in future to be styled. All the powers and duties of the old Board were transferred to the new, and any powers and duties of a Government department relating to the industry of fishing can be handed over by Order in Council to the new Board. This has been done on several occasions.

Besides the Orders in Council that have been made, adding the functions of Government departments to the functions of the Board of Agriculture and Fisheries under the two statutes of 1889 and 1903, various subsequent Acts of Parliament have conferred powers and imposed duties on the Board.

(a) The Markets and Fairs (Weighing of Cattle) Act, 1891 (54 & 55 Vict. c. 70), transferred from the Local Government Board to the Board of Agriculture certain powers over markets and fairs in regard to the weighing of cattle, and extended those powers, especially as to the furnishing of statistics by market authorities and their publication by the Board.

(b) By the Fertilisers and Feeding Stuffs Act, 1893 (56 & 57 Vict. c. 56), the Board was required to appoint a chief agricultural analyst; appointments of district agricultural analysts by county councils have to be approved by it, and these analysts report to it every analysis they make under the Act. The Board may also make regulations in regard to the qualifications of analysts and other matters connected with analyses. For certain prosecutions against sellers for offences under the Act, the consent of the Board is requisite, this being a modification in the Act of 1906 (6 Edw. VII, c. 27) which repealed that of 1893.

(c) By old statutes known as the Statute of Merton (1236) and the Statute of Westminster (1285), lords of manors were enabled to enclose and appropriate portions of common waste, as against freehold tenants of the manor or other persons having rights of common of pasture, provided sufficient pasture were left for the commoners with convenient access. The Law of Commons Amendment Act, 1893 (56 & 57 Vict. c. 57) provided that such enclosures should not be valid unless made with the consent of the Board.

(d) The Board of Trade, until 1894, prosecuted all offences against the Merchandise Marks Act of 1887; but in 1894 the Merchandise Marks (Prosecutions) Act (57 & 58 Vict.) empowered the Board of Agriculture to prosecute in all cases which might appear to it to relate to agricultural or horticultural produce; and since 1903 the produce of any fishing industry is included.

(e) By the Light Railways Act, 1896 (59 & 60 Vict. c. 48), the Board has the power of obtaining advances from the Treasury for light railways which the Board certifies to be useful for the benefit of agriculture or the fishing industry. It has also other powers, such as sanctioning conveyances of land by limited owners who may be willing to convey for less than the real value in

consideration of the improvement to their remaining land, and for the purpose of protecting commons, its consent is required to the purchase or acquisition of any common land or right thereover for the purposes of a light railway.

(f) Powers were conferred on the Board by the District Councils (Water Supply Facilities) Act, 1897 (60 & 61 Vict. c. 44), of sanctioning charges on land by landowners, as defined in the Improvement of Land Act, 1864, who contribute towards the expenses of supplying water to their lands, and the Board has itself the power of executing the charge in certain cases.

(g) Under the Dogs Act, 1906 (6 Edw. VII, c. 32), the Board may make orders for the wearing by dogs, while in a highway or a public place, of a collar with the name and address of the owner inscribed on the collar or on a plate or badge attached thereto. Also, to prevent worrying of cattle, the Board may make orders as to dogs or any class of dogs, traveling between sunrise and sunset.

(h) The Agricultural Holdings Acts.

(i) The Corn Production Acts.

For the conduct of its varied work, the Board is divided into various branches, and these are as follow:—

1. **The Animals Branch.** This division deals with all questions affecting the Diseases of Animals Acts, 1894 to 1914, and the export and import of animals. It also regulates the import of hay and straw from foreign countries, which might be a source of infection. To this branch also falls the work of administration connected with the Markets and Fairs (Weighing of Cattle) Acts, 1887 to 1891, and certain sections of the Dogs Act, 1906, to which reference has already been made.

2. **The Fisheries Branch.** This division administers the various Acts relating to Sea Fisheries, Freshwater Fisheries, and Shell Fisheries. It has also to carry out the work allotted to England in the scientific investigations into the fisheries of the North and the Baltic Seas in connection with the International Council of Fisheries established in 1902.

3. **The Intelligence Branch.** This division is charged with all matters requiring correspondence and inquiries into matters of interest in agriculture and horticulture, and is responsible for the monthly *Journal* of the Board, which is published at the price of 6d. It also conducts all the business connected with such statutes as the Fertilisers and Feeding Stuffs Act, the Sale of Food and Drugs Acts, and the Merchandise Marks Acts. Finally, it superintends agricultural education and forestry in England and Wales, and is responsible for certain research work.

4. **The Land Branch.** This division has allotted to it most of the work of a purely administrative character connected with agriculture which is not covered by the labours of the first three branches above named, and which was formerly carried out by the Land Commissioner. The nature of this work has already been sufficiently indicated above. It is this branch also which deals with the Light Railway Act, 1896, and the matters therein referred to. Lastly, it has to do with the business connected with the improvement of light-horse breeding and the breeding of live-stock.

5. **The Statistical, Tithe, and Establishment Branch.** The statistical character of the work of this division speaks for itself, so also does the tithe. Other business transacted in this department

includes the redemption of rents under the Conveyancing Act, 1881; the enfranchisement of copyhold land; exchange of lands; the regulation of inclosures; the constitution of Land Drainage Districts; and the sanction of loans under the Land Drainage Act, 1861. The matters connected with the staff of the whole Board are dealt with in this branch.

The administration of the Ordnance Survey (*qv*) and of Kew Gardens is dealt with separately.

A new branch has recently been established, the Agricultural Wages Board, which is empowered to deal with the question of the wages of agricultural labourers. The minimum wage of 25s. per week is fixed, and the newly-established body is empowered to inquire into and to make regulations as to work other than ordinary (*e.g.* piece-work) undertaken by agricultural labourers. There can be no doubt that its labours will have far-reaching effects.

It must be borne in mind that the departmental work of the various boards is continually changing, and that no permanency of the decisions of any branch of the Civil Service can be guaranteed.

AGRICULTURAL WAGES BOARD.—This is a special Board established by the Board of Agriculture and Fisheries under the provisions of the Corn Production Act, 1917. The special work of this new Board is roughly announced in Section 6, sub-section 2, of the Act, which says—

"The Agricultural Wages Board shall fix minimum rates of wages for workmen employed in agriculture for time-work, and may also, if and so far as they think it necessary or expedient, fix minimum rates of wages for workmen employed in agriculture for piece work."

The minimum wage cannot be lower than 25s. per week, and the business of the Board will be to inquire into all conditions, local and otherwise, which will determine the rates to be in force. The Corn Production Act, 1917, as is well known, is the statute which had for its object the stimulation of the growth of corn during the food crisis created by the Great War.

AIDERS.—(See *ADITORS*.)

AIR, RIGHT OF.—It is often supposed that an owner or occupier of land may acquire a right to the uninterrupted flow of air towards his land as he may gain the right to an uninterrupted amount of light. This, however, is incorrect, and it may be laid down as a general proposition that there is really no right at common law to a flow of air. Otherwise a neighbouring owner might be forever deprived of erecting any structure upon his own land. Roughly speaking, there can be no right at all except by an express grant. There is, however, one exception to this rule. If the air passes through a distinct channel, as, *e.g.*, a ventilating shaft opening upon a neighbour's land, a right to the free flow of air may be acquired as though it had been acquired by means of a presumed lost grant, *i.e.*, it will be assumed that at some time or other a special grant was made. The question of the right to a flow of air in any case is extremely complicated, and many special circumstances will have to be considered in connection with it, which could only be discussed with advantage in a treatise exclusively devoted to the subject. As in the case of ancient lights (*qv*), the remedy, if any, is by injunction (*qv*), and any delay in pursuing the remedy will be fatal to its success.

ALABASTER.—A mineral substance resembling marble in its general appearance, but somewhat

softer. It is a variety of gypsum or selenite. It is pure white or delicately tinted, finely grained, and semi-transparent. The best alabaster is procured from Florence, and is composed of sulphate of lime. A plentiful supply, of inferior purity, is obtained from Derbyshire. Since alabaster is somewhat soluble in water, it is not suitable for external decoration, and as it is never found in large pieces, the work in it is limited to small articles, such as statuettes and ornaments. Oriental alabaster is a stalactitic carbonate of calcium. It is harder than ordinary alabaster, and is obtained chiefly from Egypt.

ALBANIA.—This is a small State which lies on the west side of the Balkan Peninsula, and has its short sea-board in the Gulf of Oranto. On the north it is bounded by Serbia and Montenegro, on the east by Serbia, and on the south by Greece. Its area is about 12,000 square miles, and its population nearly 2,000,000, three-fourths of the people being Albanians. The prevailing religion is Mahometanism. Always a turbulent district, Albania was constituted a kingdom in 1913 at the close of the first Balkan War, and the chances of its development have been retarded by the Great War. Its true status and its constitution will no doubt be provided for after the Peace negotiations are concluded. At present its commercial importance is quite negligible. Its principal towns are *Scutari* and *Durazzo*.

ALCOHOL.—A colourless liquid forming the active principle of all fermented drinks, and giving them their intoxicating quality. Alcohol is now produced by the fermentation of different kinds of sugar and starch, though originally only grape juice was used. Distillation follows, but as alcohol has a strong affinity for water, it is impossible to separate the two by distillation alone—the strongest rectified spirit thus obtained containing nearly 10 per cent. of water. Absolute alcohol is only obtained by treating the rectified spirit with quicklime and metallic sodium. Pure alcohol is inflammable and burns with a bluish flame. Its chemical symbol is C_2H_5OH . Specific gravity, 79; boiling point, 78° C. As it has never been frozen, it is used in thermometers for registering low temperatures. In the arts, alcohol is in great demand as a solvent of resins and fats, and in the preparation of varnishes. It is also used in many pharmaceutical products and for spirit lamps, being mixed in the latter case with commercial wood naphtha (to prevent people from drinking it), and forming then the methylated spirit of commerce. Proof spirit is a mixture of alcohol and water in the proportion of 49.5 and 50.5. Stronger spirit is said to be so many degrees over proof (O.P.) and weaker spirit is described as so many degrees under proof (U.P.).

Alcohol is also used as a motive-power in the internal combustion engine, and in this direction its use will probably increase to a very great extent, seeing that it forms an efficient substitute for spirit obtained from mineral oil. It is also used for lighting purposes, the mantle now so universally associated with gas lighting having been originally invented for use with vapour emanating from alcohol lamps.

ALDERMAN.—Originally this was the name applied in Anglo-Saxon times to the *Ealdorman*, or elder, who acted as the viceroy of a county or district; but at the present day it is restricted to a class of officers, borough or county, who are the

creations of various statutes, and who occupy an intermediate position, so far as status is concerned, between the mayor of the borough and the councillors in the case of municipal corporations, and between the chairman of the county council and the councillors in the case of county councils.

In English boroughs which possess a council, under the Municipal Corporations Acts, 1882 and 1910, the aldermen are persons elected by the councillors, and number one-third of the total number of the councillors. No one is eligible for election unless he possesses the qualifications necessary for a councillor, but it is not at all essential that the person selected for the office should be a member of the council. The term of office is six years, and half of the total number of aldermen retire every third year. Retiring aldermen are always eligible for re-election. The election takes place at the meeting of the council held after the municipal elections, or as near thereto as possible, at the same time as the election of the mayor. An alderman has no vote in the election of an alderman. A councillor who is elected an alderman vacates his seat as councillor. Beyond the right of precedence, an alderman possesses no privileges superior to those of a councillor, though he is appointed the returning officer of one of the wards of the borough at the time of contested elections.

When London was divided into metropolitan boroughs by the London Government Act, 1899, councils were established in each of these boroughs corresponding to the borough councils in other parts of the country. As far as aldermen are concerned, the total number was fixed at one-sixth of the number of the council instead of one-third.

The aldermen of the county councils (including the London County Council) are appointed under the Local Government Act, 1888, and correspond in most respects to the aldermen of boroughs, though it must not be forgotten that the qualifications for a councillor are much wider in the case of a county council than in that of a borough council. Thus, ministers of religion of all denominations, peers of the realm who own property within the county, and persons registered as parliamentary electors in respect of the ownership of property in the county, are eligible for the office of alderman, just as they are eligible for the position of councillor. As in boroughs, the number of aldermen is one-third the total number of the council, except in the case of the London County Council, where the number is only one-sixth.

The period of election is the same in all cases, viz., six years, one-half going out every third year.

Aldermen of the City of London occupy a unique position. They are twenty-six in number, and the position is held for life. Beyond the fact that an alderman of the City acts as a justice of the peace, and takes part in the election of the Recorder of London, he has no distinctive privileges, though the position is held in high esteem.

Since 1907 women have been eligible for election as councillors and also as aldermen. This applies to any county or borough, including a metropolitan borough, but not to the City of London. Any doubt as to the eligibility of a married woman for the position of a councillor or alderman was set at rest by the County and Borough Councils (Qualification) Act, 1914, which expressly included her. Ministers of any denomination are still excluded from borough

councils, but in all others they are eligible for election as councillors, and consequently can be chosen as aldermen.

ALEA.—(See FOREIGN WEIGHTS AND MEASURES—DENMARK.)

ALEWIFE.—A fish belonging to the same genus as the shad, and found in large quantities off the east coast of North America, where it is considered superior to the herring. There is a large export trade in salted alewife from St John's, New Brunswick, to the West Indies.

ALFA or HALFA.—A variety of Esparto grass, for which it is the Arabic name. Algiers supplies the largest quantity and exports it to England, where it is much used for paper making. It also grows in Tunis and in Spain.

ALFONSO.—(See FOREIGN MONIES—SPAIN.)

ALGAROBIA.—The Spanish name for the sweet pods of the *Prosopis dulcis*. The pods are used for feeding cattle in Mexico, and also for purposes of tanning and dyeing. One variety, the *Algaroba glandulosa* of Arkansas, provides a gum similar to gum arabic.

ALGERIA or ALGIERS.—(See FRANCE.)

ALIAS.—When a person is known by more than one name, he is frequently described as "A B alias C D." The word is derived from Low Latin, and means "otherwise." If expressed in full, this term would be "*alias dictus*," i.e., "otherwise called."

ALIBI.—The meaning of this word is "elsewhere," and it is the technical name applied to the defence of an accused person who avers that at the time of the commission of the offence with which he is charged, he was so far away from the scene of the crime that it was impossible for him to have been guilty of it. Until an alibi is disproved by the prosecution, this defence is a complete and conclusive answer to a charge made against a prisoner, if he brings forward sufficient evidence to satisfy a jury as to his averment.

ALIEN.—A foreigner, i.e., a person who resides in a country of which he is not a native, and who has not thrown off his nationality. Thus, a Frenchman who settles in England and has not been naturalised (*qv*) is an alien. It does not signify in the least that he has made up his mind to choose this country as his permanent abode. Although he acquires what is known as a domicile (*qv*) here, he is still an alien.

Originally the foreign immigrants into this country were skilled artisans and craftsmen, whose presence was an advantage to the community, and who were, therefore, encouraged to settle in England. A special clause in Magna Charta bestowed certain privileges on foreign merchants, and Edward III invited Flemish weavers to establish themselves in this country, thus laying the foundation of a staple industry. In 1685 the revocation of the Edict of Nantes drove many French Huguenots to England, of whom a great number were skilled silk weavers. Later, immigrants were of an inferior class, and in 1793 an Aliens Act was passed to prevent the landing of Jacobin spies. This Act was not repealed until the threatened danger was over.

During the second part of the nineteenth century the alien settlers were of an undesirable character, and in 1905 it was found necessary to pass an Aliens Act forbidding the landing of any immigrant who is (1) unable to prove that he has or can obtain the means of supporting himself and his dependants;

(2) an idiot or a lunatic, (3) a criminal, or (4) suffering from a disease likely to make him chargeable to the rates. In addition, any judge in sentencing an alien criminal, has the power of recommending him for deportation, and the Home Secretary may then order his expulsion, either immediately or at the expiry of the sentence imposed. An alien so expelled is naturally ineligible as a future immigrant, though recent experience has shown that deported aliens have escaped the vigilance of the authorities. Much criticism has been directed towards the working of the Aliens Act, and the whole subject of immigration came very prominently to the front through the Great War. It remains to be seen what steps will be taken to meet this undoubtedly serious question, and legislation of a drastic character may be expected very shortly; in fact, the whole matter was under the consideration of Parliament in 1919. (See Appendix.)

Prior to the passing of the Naturalisation Act, 1870, aliens were subject to many disabilities, e.g., they were not allowed to acquire land, but since 1870 they have been endowed with the same proprietary and contractual rights as British subjects, save that of owning the whole or any part of a British ship.

The Naturalisation Act, 1870, was repealed and its main provisions amended or re-enacted by the British Nationality and Status of Aliens Act, 1914 (This Act has been amended in certain details by a further Act, passed in 1918). The status of aliens is thus fixed by Sections 17 and 18 of the Act—

"Section 17. Real and personal property of every description may be taken, acquired, held, and disposed of by an alien in the same manner in all respects as by a natural-born British subject, and a title to real and personal property of every description may be derived through, from, or in succession to an alien in the same manner in all respects as through, from, or in succession to a natural-born British subject.

"Provided that this section shall not operate so as to (1) confer any right on an alien to hold real property situate out of the United Kingdom, or (2) qualify an alien for any office or for any municipal, Parliamentary, or other franchise, or (3) qualify an alien to be the owner of a British ship; or (4) entitle an alien to any right or privilege as a British subject, except such rights and privileges in respect of property as are hereby expressly given to him, or (5) affect any estate or interest in real or personal property to which any person has or may become entitled, either mediately or immediately, in provision or expectancy, in pursuance of any disposition made before the 12th May, 1870, or in pursuance of any devolution by law on the death of any person dying before that day.

"Section 18. An alien shall be liable in the same manner as if he were a natural-born British subject."

Of course, if an alien is insufficiently acquainted with the English language, an interpreter will be provided.

The ordinary capacity of an alien refers, naturally, to times of peace. The status of an alien during a period of war will depend upon any special legislative enactments made for the period. But apart from special legislation, an alien enemy cannot exercise any of the general rights of a natural-born

British citizen unless he is in the possession of a licence from the Crown. An alien ambassador (*q.v.*) has certain exclusive privileges by International Law.

See the articles on DOMICIL and NATURALISATION.

ALIEN JURIS.—This is a legal expression of Latin origin, which, though not capable of exact translation, is nevertheless easily understood. A person is said to be *alien juris* when he or she is not entitled to act on his or her own account, i.e., to enter into contracts, etc., without the intervention of some other person. Thus, an infant or a lunatic is said to be *alien juris*. The converse of this expression is *sui juris* (*q.v.*)

ALIZARINE.—The colouring matter used in the dyeing of Turkey red. It was formerly extracted from the madder root (called "alizarin" in the Levant), but it is now chiefly obtained from anthracene, and its production was before the war practically a German monopoly.

ALKALI AND SULPHURIC ACID WORKS.—These works have from time to time since 1863, been the subject of legislation, all the statutes on the subject being now consolidated by the Alkali Works Regulation Act, 1906.

The Act is divided into three parts—

A. Alkali Works and Alkali Waste.

Every alkali work (which means every work (a) for the manufacture of sulphate of soda or potash; or (b) for the treatment of copper ores by common salt or other chlorides whereby any sulphate is formed, in which muriatic acid gas is evolved), must be carried on so as to secure the condensation to the satisfaction of the chief inspector of the muriatic acid gas so evolved to the extent of 95 per cent, and to such an extent that each cubic foot of air, smoke, or chimney gas escaping from the works into the atmosphere does not contain more than one-fifth part of a grain of muriatic acid, at a temperature of 60° Fahr. and a barometric pressure of 30 in.

The owner (which term includes the lessee, occupier, or other person carrying on work to which the Act applies) is made liable to a fine of £50 for the first offence and £100 for every subsequent offence. The Act, it will be observed, throws the primary responsibility on the owner, but Section 20 provides that he may escape on satisfying the court that he has used due diligence, and that the responsibility rests on some agent, servant, or workman, who then becomes the person liable.

Substances containing acid or any other substance capable of liberating sulphuretted hydrogen are to be kept separate from alkali waste, a fine similar to that above mentioned with the addition of a continuing penalty of £5 a day in the case of a subsequent offence being imposed in default, and the local sanitary authority being empowered to provide a special drain for such liquid, the owner paying expenses, including compensation to any persons injured by the construction of the drain.

Alkali waste is not to be deposited or discharged without the best practicable means being used for effectually preventing any nuisance arising therefrom, the penalty for contravention being for the first offence £20, for every subsequent offence £50, and a penalty of £5 a day in default. The "best practicable means" involves not only provision and efficient maintenance, but also effective use and supervision of such appliances and of the operations by which the gas is evolved. The Act also contains provisions as to the prevention of

nuisance from alkali waste already deposited or discharged.

B Sulphuric Acid and Other Works. Every sulphuric acid works in which sulphuric acid is manufactured by the "lead chamber" process shall be so carried on as to secure condensation to the satisfaction of the chief inspector to such an extent that the total acidity of the acid gases of sulphur or sulphur and nitrogen evolved in the course of the work does not exceed what is equivalent to 4 grains of sulphuric anhydrite for each cubic foot of residual gases before intermixture of air, smoke, or other gases.

Muriatic acid works are to secure such condensation that in each cubic foot of air, smoke, or chimney gas escaping into the air, there is not more than a fifth part of a grain of sulphuric acid, a fine of £50 being imposed on the "owner" for the first offence, and £10 for each subsequent offence.

The owner of any works mentioned in the schedule to the Act—which includes a very extensive range of chemical and metallurgical works and processes—is to use the best practicable means (as before defined) of preventing the escape of noxious or offensive gases (which also are enumerated in detail, though not defined by the Act), and for rendering them, where discharged, harmless and inoffensive, subject to a provision that no objection is to be taken by the inspector—

(a) to muriatic acid gas not exceeding the amount limited by the last preceding section,

(b) to acid gases from sulphuric acid process, where that acidity does not exceed $1\frac{1}{2}$ grains of sulphuric anhydrite.

Penalty in default, first offence £20, subsequent £50, £5 a day.

The Act also enables cement and smelting works to be brought within the foregoing section by provisional order of the Local Government Board, confirmed by Parliament. The section appears to contemplate the possibility of the Local Government Board making either a general or a particular order.

C. Procedure and Miscellaneous. None of the works mentioned in the Act can be carried on unless certified to be registered, and the Act and rules made thereunder in November, 1906, provide that the applicant for registration shall give full particulars of the works to the Local Government Board, who shall issue a certificate of registration stamped, in the case of an alkali work, with a £5 stamp, and in the case of any other work with a £3 stamp. Such a certificate must be renewed annually in January or February. Change of ownership or other particulars of registration must be notified in writing to the Local Government Board. Default under the foregoing (registration) section involves a fine of £50.

The Act provides for the appointment and remuneration of inspectors, and disqualifies land agents and various interested persons from acting as such.

In addition to the general rules already mentioned, an owner of works mentioned in the Act may make special rules for the guidance of his workmen, subject to approval by the Local Government Board. Such rules may provide for the infliction of fines not exceeding £2. Fines so imposed are recoverable summarily, but all others imposed by the Act are recoverable in the County Court.

The local sanitary authority have power, on information by a sanitary officer or ten inhabitants,

to set the central authority (*i.e.*, the Local Government Board) in motion, who may, after inquiry, take proceedings by an inspector.

If a nuisance arising from the discharge of any noxious or offensive gas is wholly or partially caused by the acts or default of the owners of several works within the Act, any person injured may proceed against any one or more of such owners, and may recover damages in proportion, notwithstanding that the act of that defendant would not by itself have caused a nuisance; but the section does not authorise the recovery of damages from any defendant who can produce a certificate from the chief inspector that the requirements of the Act were complied with when the nuisance arose. Finally, the Act does not legalise any act which would but for the Act be deemed a nuisance or otherwise be contrary to law, or deprive any person of any remedy by action, injunction, or otherwise to which he would have been entitled if the Act had not been passed.

ALKANET.—A plant known as the *Anchusa tinctoria*, and cultivated in Southern Europe and the Levant for its root, from which a harmless red dye is obtained, which is used for colouring oils, soaps, and wines, and also in the composition of stains and varnishes.

ALLIGATOR SKINS.—The hides of young Mississippi alligators, much used in America and Europe for saddlery and leather goods. The skins of the older animals are too horny to be utilised easily. The trade sprang up in the latter half of the nineteenth century.

ALLOCATE.—To allot or to assign a thing to a person. The word is most frequently used to signify the allotment of shares in a company. (See ALLOTMENT.)

ALLOTMENT.—The act of allotment.

ALLOTMENT.—This is the certificate of the allowance of the costs in an action at law granted by the court official, called the taxing master, who reviews the whole after judgment has been given. When an order is made to tax costs in any proceedings, this certificate must be obtained by the successful party in the suit, in order that he may add the amount to the judgment debt obtained by him as plaintiff on a claim or as defendant on a counterclaim before execution can be levied against the unsuccessful party with respect to the costs.

ALLONGE.—Bills of exchange pass through so many hands in modern commercial transactions that the number of transfers may be very considerable, and the space on the back of the bill insufficient to contain all the names of the intended indorsers. A slip of paper is then attached to the bill to receive the further indorsements. This slip is called an "allonge," and becomes part of the bill. In some countries there are very important provisions as to allonges in order to prevent frauds. Thus, it is sometimes required that the first indorsement on the allonge should begin on the bill and end on the allonge. Otherwise it is obvious that an allonge might be transferred from one bill to another. Instead of an allonge, some countries admit a copy of a bill of exchange, and the copy is issued and negotiated as the bill itself. It is unnecessary, however, to consider copies, and allonges are not commonly met with. An allonge needs no stamp.

The word is derived from the French, *allonger*, lengthened.

ALLOT.—To distribute in portions or shares.

ALLOTMENT LETTER. (See LETTER OF ALLOTMENT).

ALLOTMENT NOTES.—Documents signed by seamen authorising their employers to pay periodically a part of their wages, limited to one-half, whilst on a voyage, to a savings bank or to some near relative.

ALLOTMENT OF SHARES.—This is the act of allotting or distributing stock, shares, debenture stock, or bonds in a joint stock company in response to applications for the same, or in pursuance of contracts already entered into with regard to them.

Upon a fixed date, after the forms of application for shares (*qv*) have come in, the directors proceed to allotment, that is, they decide as to the number of shares which are to be allocated to each applicant. Unless the applications are sufficient in number, no allotment can be made. If the applications are very much in excess of the requirements, then only a proportion of the number of shares applied for will be allotted to each applicant. The allotment may be questioned unless there is a duly constituted board of directors. Also the directors must act in all good faith and in the interests of the company, in the allotment. The fact that an allotment has been made may be communicated verbally to the applicant, but it is the general practice to use a letter of allotment (*qv*).

If the nominal value of the shares amounts to £5 or upwards, an impressed stamp of sixpence is necessary. If less than £5, a stamp of one penny, which may be an adhesive one, is sufficient. The allotment is complete as soon as the letter is posted, even though it never reaches the applicant. The reason for this rule is obvious on very slight consideration. The applicant has chosen the post as his agent, and he must, therefore, take the risk of non-delivery. If his own letter of application is lost, he cannot complain as it is the fault of his agent. If he does not receive the letter of allotment which was posted to him in due course, it is again the fault of his own agent, and not of the company which sent the letter. Any attempt on the part of an applicant to get out of his contract to take shares when once the letter of allotment has been posted will be of no avail, unless he has previously revoked his offer. All the ordinary rules applicable to contract apply also to the allotment of shares.

Again all terms and conditions imposed by the letter of application must be complied with. There must not, moreover, be any undue delay in making the allotment, though this last-mentioned condition is not now of any importance in consequence of the statutory requirements contained in Sect. 85 of the Act of 1908 which reproduce those of the Acts of 1906 and 1907. This section provides for a fixed minimum subscription before the directors can proceed to allotment (which must be either the amount fixed by the memorandum or articles of association upon which the directors may proceed to allotment, or the whole amount of the share capital offered for subscription), and also enacts that unless the conditions are fulfilled within forty days after the first issue of the prospectus, the application money must be returned to the applicants. An allotment made by a company in contravention of the provisions of Section 85 is voidable at the instance of the applicant within one month after the holding of the statutory meeting. There are heavy liabilities attaching to any director who acts contrary to the terms of the section. Within a

month after making an allotment of shares the company must file a return as to allotments with the registrar according to the provisions of Sect. 88 of the Act of 1908. (See Inset).

ALLOTMENTS.—History. Since the Poor Relief Act, 1819 (59 Geo. III, c. 12), there has been much legislation to enable local public bodies to acquire land for the purpose of dividing it and allotting it in small plots amongst persons of the poorer classes to be cultivated by them for their own benefit. The Act referred to the Poor Law of Elizabeth, by which the poor are to be set to work by the churchwardens and overseers, and the policy of providing allotments for this purpose began with this Act of 1819. Such allotments are known as Poor Allotments, as they are acquired and possessed and managed by the Poor Law Authorities, and the rents applied to relief of the poor rate. Amongst them are also included allotments, the land for which, not being more than 50 acres, has been obtained under the Poor Relief Act, 1831 (1 & 2 Will. IV, c. 42) by enclosure of waste and common land in or near the parish, or by enclosure of forest or waste Crown lands in or near the parish [Crown Lands Allotments Act, 1831 (12 Will. V, c. 59)]. But these enclosures can now only be made under Act of Parliament or to or by a Government department, or with the consent of the Board of Agriculture. Acquisition of land for allotments under these Acts is now of little importance.

Another class of allotments are known as Fuel Allotments. Before the Enclosure Act of 1845, enclosures of common lands were made under private Acts, which frequently reserved portions for allotments for the poor, the rents being applied to providing fuel for poor parishioners. These lands, by the Allotments Act, 1832 (2 Will. IV, c. 42), are to be let by the trustees or the churchwardens and overseers in allotments not exceeding one acre to labourers settled in the parish. This Act and the others previously mentioned are now under the administration of the poor law guardians, but since they have had the powers they have not used them.

A third class of allotments may be made under the Inclosure Act, 1845 (8 & 9 Vict. c. 118), and subsequent Enclosure Acts, all of which are known as field gardens. Before an enclosure is made, the Board of Agriculture may require a reservation for allotments for the labouring poor; and they are all to be let to poor inhabitants in gardens of not more than a quarter of an acre, in yearly tenancies, according to the provisions of the original Act and later Commons Acts.

These allotments are now managed by the parish council or parish meeting under the Small Holdings and Allotments Act, 1908 (8 Edw. VII, c. 36). (See SMALL HOLDINGS.)

A fourth class—Parish Charity Allotments—arise under the Act for the Extension of Allotments, 1882 (45 & 46 Vict. c. 80). Where trustees hold land, whose rents are distributed for the benefit of the poor of a parish or place, they may allot such land amongst labourers and others, unless it is used as a recreation ground or otherwise for the general benefit. No allotment for one person is to exceed an acre; and in regard to other conditions, the Act lays down the terms on which the trustees may let the allotments and on which they may make rules for the approval of the Charity Commissioners. This Act does not apply to the Fuel Allotments under the Act of 1832; but all industrious cottagers, being day labourers, whether

legally settled in any parish where the Act of 1832 is in operation, or dwelling within its bounds or those of the adjoining parishes, or being poor persons in any such parishes, are to be entitled to the benefits of the Act of 1832 as if they had been legally settled. If the trustees do not set apart land, any four cottagers or labourers may apply to the Charity Commissioners, who may make an order on the trustees to do so.

We have dealt so far with certain classes of allotments whose origin is not in quite recent times. Newer methods came into operation with the Allotments Act, 1887 (50 & 51 Vict. c. 48). Several such Acts followed, which were ultimately consolidated and amended by the Act now in force, the Small Holdings and Allotments Act, 1908 (8 Edw. VII. c. 36).

Before considering this it must be pointed out that the word "allotment" has a statutory meaning. Thus in the Allotments and Cottage Gardens Compensation for Crops Act, 1887 (50 and 51 Vict. c. 26), for the purpose of giving compensation to tenants of allotments, an allotment is "any parcel of land of not more than 2 acres held by a tenant under a landlord, and cultivated as a garden, or as a farm, or partly as a garden and partly as a farm." On this it has been decided that an allotment is land under 2 acres, cultivated for food or pleasure, and not for business purposes (*Cooper v. Pearse*, 1896, 1 Q.B. 562).

The rating of an "allotment" under the Allotments Rating Exemption Act, 1891 (54 & 55 Vict. c. 33), is a fourth part of the net annual value or rateable value of the land for sanitary purposes, under the Public Health Act, 1875, and the definition just given is repeated. In the present Small Holdings and Allotments Act, 1908, the only definition is that "The expression 'allotment' includes a field garden", and, as shown above, a field garden is an allotment under the Inclosure Acts. But the holding by one person of any allotment or allotments is not to be more than 5 acres (see title SMALL HOLDINGS for difference between these and allotments); and the authority under the Act is not bound to provide more than one acre for each person.

Allotments under the Act of 1908. If the council of a borough, urban district, or parish, or the rural parish meeting where there is no council, are of opinion that there is a demand for allotments for the labouring population, and that they cannot be obtained at a reasonable rent and on reasonable conditions by voluntary individual arrangements, the council is to provide a sufficient number. A representation in writing from six resident registered Parliamentary electors or ratepayers desiring the Act to be put in force must be considered by the council. A reasonable rent means what a person taking an allotment might reasonably be expected to pay one year with another, i.e., allowing for the value of similar land in the neighbourhood, the extent and situation of the allotment, the expenses of adapting the land, and to the repairs and other outgoings payable by the landlord, and to the cost and risk of collecting the rents and managing allotments; but exclusive of rates, taxes, and tithe rent charge.

The council may purchase or take on lease land within or without the borough, district or parish by agreement or compulsorily (as to acquisition, see SMALL HOLDINGS), but only at such price or rent as will enable all expenses to

be recouped out of the rent obtained, except the expenses of making public roads. It may improve, adapt, and maintain the land for allotments by draining and fencing and other necessary things; and also for the same purpose erect buildings and adapt existing buildings, but not more than one dwelling-house for each allotment, nor a dwelling-house for less than one acre. Rents must be fixed so as reasonably to provide against loss, but not the loss of unsuccessful attempts to acquire land for allotments. Not more than a quarter's rent can be required in advance. The council is the occupier for the purposes of all rates and taxes and tithe rent charge. These are apportioned and added to the rents of the allottees, but the allottees are occupiers for the Parliamentary and all local franchises.

Allotments cannot be sub-let. An allotment that cannot be let under the Act may be let to any person at the best annual rent, but so that possession may be resumed within twelve months, if the allotment is required for the purposes of the Act, and a council has the same power of letting allotments to persons working on the co-operative system, or to associations for creating or promoting allotments, as it has of letting small holdings. (See SMALL HOLDINGS.)

The council may make rules to regulate the letting of allotments, defining persons to be eligible as tenants, the notices to be given as to letting, the size of allotments, conditions of cultivation and the rent to be paid, and making provision for reasonable notice to determine tenancies. These rules require confirmation by the Local Government Board.

Allotment managers may be appointed by a council, part of whom may be members of the council or they may be wholly non-members, but all non-members must be resident in the locality and contributors to the rate out of which the expenses under the Act are paid. These managers exercise the council's powers of management under the council's directions, and their expenses properly incurred are expenses of the council.

The relation of the council to an allottee is the ordinary one of landlord and tenant as respects payment of rent, and recovery of possession on notice to quit or failure to give up possession. The tenancy may be determined in the following circumstances—

- (a) If rent is in arrear for forty days,
- (b) If in three months from the beginning of the tenancy a tenant is not observing the allotment rules, or
- (c) Is resident more than one mile out of the borough, district, or parish for which the allotments are provided.

The council must serve a written notice to determine the tenancy on the tenant, if he is resident in the borough, district, or parish, or, if outside, leave it at his last known place of abode within, or fix it in some conspicuous manner on the allotment. The notice must be for one month after its service or being affixed.

Such compensation must be paid to the tenant on demand as is due to an outgoing tenant in other cases under the Act (see SMALL HOLDINGS), the amount, if not agreed on, being assessed either by an arbitrator appointed by the council, or, if the tenant choose, by an arbitrator appointed under the Allotments and Cottage Gardens Compensation for Crops Act, 1887, or under the Agricultural Holdings Act, 1908 (See AGRICULTURAL HOLDINGS ACTS.) In the former case, a single arbitrator is

appointed either by agreement of the parties or by justices. The court ordering recovery of possession may stay delivery until any compensation due is paid or secured. A list showing particulars of the tenancy, acreage, and rent of every allotment let and of unlet allotments must be kept by the council. The ratepayers are entitled to inspect it as provided by the rules of the council, and may make copies or take extracts without fee.

Compensation. Allottees have the same rights to compensation for improvements as tenants of Small Holdings (see SMALL HOLDINGS), and they claim under the Agricultural Holdings Act, 1908. (See AGRICULTURAL HOLDINGS ACTS.) But the tenant of an allotment may claim for improvements under the Allotments and Cottage Gardens Compensation for Crofts Act, 1887, although the allotment exceeds two acres.

Powers and Duties of County Councils. The duty is laid upon county councils of ascertaining what demand there is for allotments in urban districts that are not boroughs, and in rural parishes, or what would be the demand if suitable land were available, and to what extent it is practicable to meet it under the Act. If the council is satisfied that it ought to acquire allotments, it passes a resolution to that effect. The powers and duties of the district or parish council, or meeting, are thereupon transferred to the county council, which must then acquire land and execute the Acts in the district or parish. But this does not affect any land for allotments which the district or parish council acquired previously. The county council can borrow in the same way and charge the expenses on the same rate as the district or parish council can do. An urban district council (or a borough) borrows for allotments as it does for the purposes of the Public Health Acts; a parish council under the Local Government Act, 1894, without reckoning its borrowings in the amount which limits its borrowing powers. (See LOCAL GOVERNMENT.) The expenses of the allotments are parts of an urban council or borough's general expenses under the Public Health Acts; of a parish council's part of the expenses of the council. (See LOCAL GOVERNMENT.)

The loan with interest is to be repaid by the district or parish council, as if the loan were raised and charged on the rate by the district or parish council. The county council pays any balance to the district or parish council. The county council may delegate its powers in respect of the allotments to the district or parish council.

If the Board of Agriculture and Fisheries, after holding a local inquiry, is satisfied that the county council has not fulfilled its obligations to inquire into or satisfy the needs as to allotments, it may transfer to the Small Holdings Commissioners (see title) all or any of the powers of the county council in relation to the district or parish, and the Commissioners take its place there.

At the beginning of this article reference was made to several classes of allotments other than those to be provided under the Small Holdings and Allotments Act, 1908. Provision is made in this Act for the property in and management of all allotments, within the third and fourth of our classes, being transferred to the borough, district, and parish councils by agreement, with the sanction for the third class of the Board of Agriculture, for the fourth of the Charity Commissioners or the Board of Education. But in a rural parish where any Act

appoints wardens or managers of allotments, or requires their election, their powers are to be in the hands of the parish council, or of persons appointed by the parish meeting.

In addition to its provisions for allotments, the Act empowers a borough, district, or parish council to acquire land for common pasture, if it is desirable for the labouring population, and if the rent or price and the expenses may reasonably be expected to be recouped by the charges to be made. A scheme has to be submitted for approval to the county council, and if it is approved the common pasture comes under the provisions as to allotments.

Any room in a public elementary school which receives a grant out of money provided by Parliament may, except while the room is being used for educational purposes, be used free of charge for the purpose of allotment business by the county council. With the consent of two managers, public meetings may be held in the school to discuss any question relating to allotments. Any damage done to the room, and any expenses incurred by the persons having control over the room on account of its being so used, are to be paid by the county council or the persons calling the meeting.

The conditions for exercising the right are that not less than six days' notice of the meeting must be given. Not less than six persons calling the meeting must sign the notice. They must be persons qualified to make a representation as to allotments to the council of a borough, urban district, or parish under the Act. The notice must be given to the clerk if it is a school provided by the local education authority, in any other case, to one of the managers of the school. The use of the schoolroom on the day and time mentioned must not, previously to the receipt of the notice, have been granted for some other purpose.

If the persons calling the meeting fail to obtain the use of the schoolroom, they may appeal to the Small Holdings and Allotment Committee (see SMALL HOLDINGS), and the committee will decide the appeal and make such order respecting the use of the room as seems just.

The powers as to allotments of boroughs, urban and parish councils are, in London, exercised by the London County Council, but its expenses are defrayed and money borrowed under the Local Government Act, 1888. (See LOCAL GOVERNMENT.)

Many other powers and provisions in the Act, such, for instance, as the County Council's Small Holdings and Allotments Committee, are common to both small holdings and allotments. For these, reference should be made to the article SMALL HOLDINGS.

ALLOTTEE.—The person to whom shares in a joint stock company or any other things are allotted.

ALLOYS.—The word is derived from the French *a loi* (Latin, *ad legem*), meaning "according to law."

Mixtures of two or more metals, generally prepared artificially under the influence of a high temperature, with the object of imparting special properties. Mercury attacks other metals when cold, and unites with them so as to form amalgams. The properties of metallic alloys depend mainly upon the proportions in which the metals are mixed. An alloy can often be worked much more easily than pure metal, and in some cases the pure metal cannot be used at all until it has been somewhat changed by the addition of another ingredient. For instance, gold and silver are not hard enough

for use as coins until a small quantity of copper has been added to them. The light yellow colour of certain Australian sovereigns is due to the fact that the alloy used is silver. Again, arsenic has the effect of toughening copper, while iron is hardened by carbon and manganese, and steel may be rendered more tenacious, more brittle, or more malleable, according to the percentage of nickel added.

The principal alloys, with their percentage compositions, are --

Bronze :	copper	95 ;	tin, 5
Gun-metal :	"	90 ,	" 10
Bell-metal :	"	78 ,	" 22
Speculum-metal :	"	66 ,	" 34
Brass :	"	64 ,	zinc, 36
Aluminium-bronze :	"	90 ,	aluminium, 10
German silver :	"	60 ,	zinc, 20
			nickel, 20
Pewter :	tin, 80 ,	lead, 20	
Type-metal :	" 10 ,	" 70	
			antimony, 20
Britannia-metal :	" 90 ,	" 8	
			copper, 2

The above are average percentages

Bronze coins have a slight admixture of zinc. As to the alloy used in coins generally, see COINAGE.

ALL RED ROUTE.—This is the name given to a proposed route for mail and transportation service between Great Britain, Canada, Australia, and New Zealand, entirely through countries which form a part of the British Empire, instead of the present services by way of the Suez Canal and the Cape of Good Hope.

The idea of an all-red route sprang out of the scheme proposed by the late Sir Wilfrid Laurier, at the meeting of the Imperial (or Colonial) Conference in 1907, that it would be to the interest of all parties concerned for the various governments, *i.e.*, of Great Britain, Canada, Australia, and New Zealand, to subsidise an improved fast service along the route already pointed out. One of the most active supporters of the scheme, the late Lord Strathcona, has pointed out the advantages that would accrue to the British Empire by its adoption. These include (a) improved communication between England and Canada, which would naturally tend to increase trade, (b) an increase of passenger traffic between the United Kingdom and America, since many United States passengers would take advantage of the Canadian service if it was accelerated, (c) better provision for mails and trading to Australia and New Zealand; (d) an extra available route for the conveyance of troops to India in case of serious military difficulties, (e) the strengthening of the position of Great Britain in the Atlantic and the Pacific by utilising the fast steamers as cruisers in time of war, (f) the capture of the trade of the Pacific Ocean, which may otherwise pass into the hands of competing nations.

The idea has been carefully worked up, and expert evidence has been taken upon all the points which have to be considered. Sir Wilfrid Laurier suggested a four-day service across the Atlantic, a four-day service across Canada, and a sixteen-day service in the Pacific, between Vancouver and Sydney. New Zealand, however, demanded that the first place of call in Australasia should be at Auckland, if it was to take part in the scheme, and also that the rate of the Pacific steamers should be so accelerated as to put Auckland within twelve days' communication of Vancouver, *i.e.* that England

and New Zealand should be within three weeks' mail communication. Such a scheme would necessarily increase the cost of the whole. Various estimates have been put forward as to the amounts of the subsidies which would have to be provided by the respective governments under the different schemes, but these will require considerable revision in the light of events after the war.

As there has been increasing railway construction in Canada, with the idea of making the connection between the Atlantic and the Pacific coasts more intimate, some discussion has been raised as to which of the lines should be eventually selected for the trans-continental service, but there seems to be little doubt that the Canadian Pacific Railway will be preferred in the long run.

The Canadians have shown great enthusiasm for the scheme, and some ten years ago Sir Wilfrid Laurier moved in the Canadian House of Commons that "this House affirms that Canada is prepared to assume her fair share of the necessary financial obligations, and that, in the opinion of this House, the Governments of Australia, Canada, and New Zealand should, with as little delay as possible, agree upon a definite plan."

The development of the idea of the proposed All Red Route was suddenly retarded by the outbreak of the Great War in 1914, and there has not yet been sufficient time in which to take up the matter again. But its advantages are so obvious that it can be safely affirmed that, unless something very extraordinary takes place with regard to carriage, etc., the scheme should be in working order within a very few years. An all red cable route was, in fact, established after the lines above indicated in the middle of 1919.

ALL RIGHTS RESERVED.—These words are frequently found upon books and other publications, and they signify that the copyright (*q.v.*) in the same is reserved to the publisher, or the author, or to the assignees of either, and that legal proceedings will be taken against any person who does anything which infringes that copyright.

ALLSPICE.—The name given to the dried fruit of the *Eugenia pimenta*, a tree of the myrtle family, found in the West Indies. It is also known as Jamaica pepper and pimento. It is said to combine the flavour of cinnamon, nutmeg, and cloves. Hence the name allspice.

ALMOND.—A tree similar to the peach, and belonging to the order *Rosaceæ*. The wood is hard and of a reddish colour, and is much in request by cabinet makers. But the greatest value attaches to the kernel of the fruit. There are two kinds of almonds—bitter and sweet—the former being the original kind, while the sweet variety is the result of cultivation. The chief kinds of sweet almonds are the Valencia, the Italian, and the Jordan. They are used medicinally as well as for dessert. Bitter almonds are imported from Mogadore. They are valuable for the essential oil contained in them, and also for flavouring purposes.

The almond tree is a native of Asia, but is now widely distributed throughout Europe and America. In the latter continent, California cultivates it for commercial purposes.

ALMONDS, ESSENTIAL or VOLATILE OIL OF.—The amygdaline contained in bitter almonds acting upon another constituent, emulsine or synaptase, causes the formation of the essential or volatile oil of almonds. The fixed oil having been

extracted, the bitter almond is steeped in water and submitted to distillation. The essential oil then forms. It consists of a mixture of several substances, especially hydrocyanic acid and benzoic acid. Until purified, it also contains poisonous properties owing to the presence of prussic acid. In commerce, it is a golden-yellow liquid of an agreeable smell, but bitter taste. It is used in perfumery and also for flavouring purposes.

The oil can also be extracted from peach and apricot kernels, and there is a large trade in this business carried on at Damascus. An artificial product of similar nature and much used in commerce is obtained from coal-tar. The chemical symbol of the essential oil is C_6H_5COH .

ALMONDS, FIXED OIL OF.—The oil obtained from either bitter or sweet almonds as the result of crushing. It is composed almost entirely of a mixture of glycerine and oleic acid, called triolein. Fifty lbs. of oil can be produced by rather more than twice that quantity of almonds. Though at first milky in appearance, it quickly becomes yellowish, like olive oil, for which it forms a good substitute. When once exposed to the air, it soon turns rancid. Its specific gravity is .92, and it becomes solid at $-20^{\circ}C$. It is chiefly used in pharmacy.

ALMUDE.—(See FOREIGN WEIGHTS AND MEASURES—BRAZIL.)

ALOE.—A genus of plants of which there are about 200 species, nearly all indigenous to South Africa, but now widely distributed. It must not be confounded with the American aloe or agave (*qv*). The fibres of the leaves are frequently used instead of hemp by the negroes of West Africa, and in Jamaica one species is used for making stockings. But the aloe is chiefly important in medicine for the drug obtained from the inspissated juice of the leaves. It is extremely bitter in taste, and is used internally as a strong aperient, while the tincture is sometimes applied externally to wounds. Formerly the chief source of the drug was Socotra, but it is now imported from various parts of the world.

The concentrated principle of aloe is called "alun."

ALOE WOOD.—Also called Eagle wood. It is the lign-aloes of commerce, and is the product of the *Aquilaria Agallocha*, a large, spreading tree related to the laurel, indigenous to tropical Asia. Aloe wood contains a fragrant, resinous substance, formerly valuable medicinally, but now used chiefly as a perfume.

ALOIN.—(See ALOE.)

ALPACA.—The long, silky, lustrous wool obtained from the animal of the same name (of the same genus as the llama), largely bred and domesticated on the higher slopes of the Andes, and sometimes known as the "Peruvian sheep." Each animal produces from 10 to 12 lbs. of wool, the colour being usually black, but sometimes grey or brown. Alpaca became commercially important about the middle of the nineteenth century. It is cool and durable, and is consequently much used for clothing in warm weather and also for covering umbrellas. The chief seat of the manufacture in England is the West Riding of Yorkshire, especially Bradford and Saltaire. Much of the so-called alpaca of commerce is an artificial product of silk and wool. Vicuna and guanaco are different species of alpaca.

ALPIST.—The name given in the Canary Islands to the plant from which canary seed is obtained,

and used to indicate the seed itself, particularly in France and Spain.

ALQUEIRA.—(See FOREIGN WEIGHTS AND MEASURES—BRAZIL.)

ALTERATION OF BILLS AND CHEQUES.—The certainty that is always required in the case of negotiable instruments has rendered the law particularly strict as to any alterations that are made in the body of such an instrument as a bill or a cheque. The case of a bank note needs no special consideration, as any alteration renders it void, but bills and cheques require particular notice, and it cannot be too strongly impressed upon the transferee of a bill or a cheque that he should not, without a full and satisfactory explanation, ever take such a document which appears to have been in any way altered—no matter whether the alteration is or is not material. *Prima facie*, an altered bill or cheque is like a mutilated coin.

It is not to be supposed that alterations are altogether impossible, or that if they are made a bill or a cheque is thereby rendered void. An alteration requires to be carefully distinguished from a forgery (*qv*), but no material alterations are permissible, except in so far as they are provided for by statute, for at common law any material alteration of a bill, no matter by whom made, avoided and discharged the bill, except as against a party who had made, authorised, or assented to the alteration. It is to be observed, however, that although the bill was avoided, a holder in due course (*qv*) might always have sued upon the consideration.



Halsby's Protectograph.

Every material alteration in a bill must be initialed or signed by all the parties liable on the bill, and every alteration in a cheque must be confirmed by the drawer or by all the drawers, if there are more than one. It appears that it is not sufficient, in the case of a cheque of a limited company, for a material alteration to be initialed by the secretary alone, unless, in fact, arrangements have been made with the banker on whom the cheque is drawn that the signature of the secretary shall suffice.

With regard to alterations in a bill of exchange, Section 64 of the Bills of Exchange Act, 1882, enacts—

"(1) Where a bill or acceptance is materially altered without the assent of all parties liable on the bill, the bill is avoided except as against a party who has himself made, authorised, or assented to the alteration, and subsequent indorsers—

"Provided that,

"Where a bill has been materially altered, but the alteration is not apparent, and the bill is in the hands of a holder in due course, such holder may avail himself of the bill as if it had not been altered, and may enforce payment of it according to its original tenor

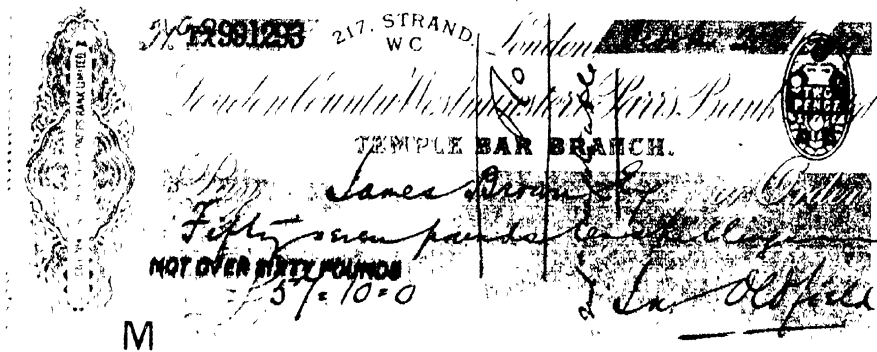
"(2) In particular the following alterations are material, namely, any alteration of the date, the sum payable, the time of payment, the place of payment, and, where a bill has been accepted generally, the addition of a place of payment without the acceptor's assent"

By Section 78—

Where a bill payable at a fixed period after date is issued undated, or an acceptance of a bill payable at a fixed period after sight is undated, any holder may insert the true date.

A bill or a cheque which is payable to "bearer" may be altered to "order" by the payee, as this does not tend to make its negotiability easier, but the converse change from "order" to "bearer" must be initialed by all the parties liable thereon in the case of a bill, and by all the drawers in the case of a cheque. It has been judicially held that if a bill is drawn and no time of payment inserted, the addition of the words "on demand" are an immaterial alteration.

It will be noticed from the section above quoted that an alteration does not necessarily invalidate the bill, but the holder in due course cannot avail himself of it to a greater extent than he could have done if the bill had not been altered. An excellent illustration of the law in this particular is supplied by the well-known case of *Schofield v. Lord of Lonsborough* 1896, App. Cas. 514. A bill for £500 was presented for acceptance which upon a



Cheque Limited in Amount by Halsby's Proteetograph.

"A crossing authorised by this Act is a material part of the cheque; it shall not be lawful for any person to obliterate or, except as authorised by this Act, to add to or alter the crossing."

The alterations authorised by the Bills of Exchange Act, 1882, are—

Any holder may convert a blank indorsement into a special indorsement (*q.v.*)

Where a cheque is uncrossed, the holder may cross it generally or specially.

Where crossed generally, the holder may cross it specially.

Where crossed generally or specially, the holder may add the words "not negotiable."

Where crossed specially a banker to whom it is crossed may cross it specially to another banker for collection.

Where an uncrossed cheque, or a cheque crossed generally, is sent to a banker for collection, he may cross it specially to himself.

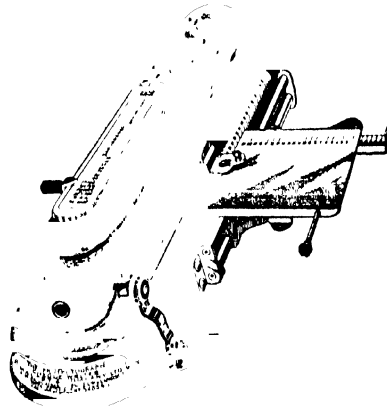
stamped paper bearing a stamp of much larger amount than was necessary, and with spaces left vacant. The acceptor wrote his acceptance and handed the bill to the drawer, who fraudulently filled up the spaces and turned the bill into one for £3,500, the stamp being sufficient to cover this last-mentioned amount. The bill got into the hands of a *bona fide* holder for value who sued the acceptor for the total amount. The acceptor admitted his liability as to £500, but denied the rest. In this contention he was held to be correct. It was also decided that the acceptor is under no duty to take precautions against fraudulent alterations in a bill after acceptance. There is no privity of contract between him and subsequent parties to the bill. Upon an analysis of this case it will be seen how clearly it falls within the section. The bill was *prima facie* avoided, except as against the party who himself made, authorised, or assented to the alteration and the subsequent indorsers, but as the alteration was not apparent and the bill had

got into the hands of a holder in due course, it was not avoided to the amount for which it had been originally accepted, viz., £500. If it had been held that the leaving of the blank spaces amounted to negligence as between the parties, the decision might have been different. When the case was argued, reliance was placed upon the decision given in the case of *Young v. Grote*, 1827, 4 Bing. 253, which did, in fact, go so far, at least, when it was a cheque that was in question. This argument was not accepted as far as a bill of exchange was concerned, and it appeared for a time that the law as laid down in *Young v. Grote* was to be taken as obsolete, especially after the decision of the Privy Council in the case of *Colonial Bank of Australasia v. Marshall*, 1906, App. Cas. 559, where it was held that the mere fact of leaving blank spaces by the drawer of a cheque, so that a fraudulent holder could increase the amount for which it was drawn, was not in itself sufficient proof of negligence, and that the drawer could not be held liable for anything more than the original amount for which the cheque was drawn. The result of this case caused much alarm in the banking world, and it became necessary to obtain an authoritative decision upon the matter as early as possible. The case of the *Colonial Bank of Australasia v. Marshall* was before the Privy Council, and as its judgments are not finally binding in this country as are those of the House of Lords (although always treated with the utmost consideration and respect), the question of liability was able to be threshed out completely in the case of *London Joint Stock Bank v. Macmillan*, 1918, App. Cas. 777, where the authority of the principle laid down in *Young v. Grote* was finally established, namely, that if a customer draws a cheque so negligently as to facilitate an alteration in the amount of the same, the customer and not the banker must suffer if such an alteration is made. (See CHITTY.)

Various devices have been put forward to prevent an alteration in the amount for which bills or cheques are drawn—the most serious matter in connection with these instruments. Words such as "under one hundred pounds," or "not exceeding one hundred pounds" are sometimes written or stamped across them. In the case of cheques, they

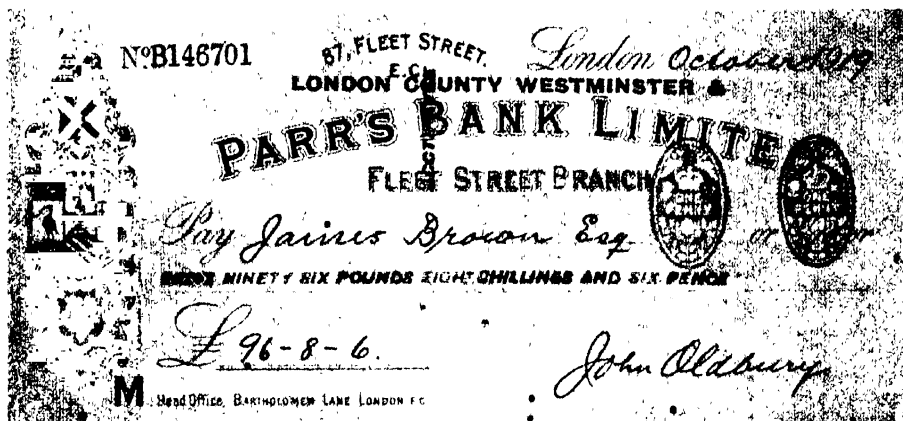
may be perforated with some such words. Other methods adopted are the use of special paper, which will at once indicate whether any alteration has been made, or whether chemicals have been used to effect an erasure.

An illustration is given on p. 69 of Halsby's Protectograph, which very ingeniously permits of a great variety of limitations being made in the case of cheques, and which has now become extensively used in many business houses. When the cheque has been placed in the machine and marked, it appears as on p. 70.



The Cheque Writer.

The makers of the Protectograph have now on the market a new type of machine to prevent cheque alterations. This machine, of which an illustration is given above, is a combined cheque writer and protectograph, writing in two colours, and protecting as it writes, cheques to the exact penny of any amount desired. It writes a complete word by each turn of the handle, crushing or "shredding" every letter in every word and forcing the indelible ink completely through the



Cheque Written by the Protectograph Cheque Writer.

Not exceeding £10

" " £30

" " £130

" " £230

220

" " £330

" " £1,300

" " £2,300

" " £3,300

" " £10,000

No. London,

To X & Y Bank, Ltd.

Pay or order the

Sum of Two hundred and Twenty Pounds

£220 — J. Brown.

Special Form of Cheque.

fibres of the paper. With the amounts written in red, and the denominations (pounds, shillings, pence) in black, the work of this new machine is beautifully clear, clean, and business-like, and it leaves no opportunity for alteration. The working of the machine is extremely simple, and cheque writing may be performed in a minimum of time.

In connection with this effort to prevent any alteration in the amount of a cheque, mention must also be made of a contrivance illustrated above which has also found favour with many banks.

The form of cheque explains itself.

ALTERATION OF MEMORANDUM.—(See MEMORANDUM OF ASSOCIATION.)

ALTERNATIVE DRAWEE.—(See ACCEPTOR, DRAWEE.)

ALTERNATIVE PAYEE.—(See PAYEE.)

ALUM.—A crystalline compound composed of sulphate of potash, sulphate of alumina, and water, which unite and form into octahedra or cubes. Its chemical symbol is $K_2SO_4Al_2(SO_4)_2 \cdot 24H_2O$. Alum is a colourless solid of a sweetish, astringent taste, with acid reaction, and is quickly soluble in hot water. It is used in medicine as an astringent for the prevention of hæmorrhage, and sometimes as a gargle. In commerce it is chiefly valuable as a mordant in dyeing processes, but it is employed for various other purposes, especially in the manufacture of paper, leather, and the so-called lake colours. Its value as a mordant is due to the presence of alumina, which has a strong attraction for textile tissues and also for colouring matters. Thus it is the means of fixing colours in cloth.

Poor flour is often whitened by an admixture of alum.

Alum ore is obtained in large quantities near Whitby and in the neighbourhood of Glasgow. Salts of similar composition are sometimes included in the generic term "alum."

ALUMINA.—The oxide of aluminium, an intensely hard solid, known in its pure state as corundum. When coloured with small quantities of metallic oxides, it occurs as the sapphire, ruby, and topaz, in a less pure state as emery, and, when combined with water, as the mineral diaspore. It may also be produced artificially, and is then gelatinous, when hydrated. It is valuable in commerce for its properties in acting upon the fibres

of cloth, etc., as a mordant, and in fixing colours. Alumina is the base of the aluminum salts, of which the chief is aluminium sulphate. Silicate of alumina is the basis of clay soils, and of many rocks and minerals. The most important aluminiferous minerals are felspar, which also contain silicates of potassium or sodium. When rocks crumble, the felspar (also known as feldspar and feldspath) splits up into soluble salts of potash and insoluble silicate of alumina, thus forming different varieties of soils.

ALUMINIUM.—A white, somewhat soft metal, found in clay, felspar, slate, and other rocks. It is chiefly manufactured from bauxite, a clay found at Les Baux (France), which has replaced the cryolite obtained from Greenland. Bauxite is also found in large deposits in the north of Ireland. The electric method of extraction first came into use in 1885, and there are now large works at the Niagara Falls, the Rhine Falls at Schaffhausen, and in Scotland.

Though tough and strong, aluminium is extremely light, its specific gravity being only 2.5. It is malleable, odourless, and takes a high polish. It is used as an alloy with most metals, but will not amalgamate with mercury. It is especially valuable in the manufacture of mathematical and optical instruments where lightness and durability are essential. It is also employed for castings, boat-building (particularly for torpedo boats), cooking utensils, telegraphic and telephonic conductors, etc., and its uses will no doubt become more and more varied owing to its present cheapness. Aluminium bronze is an alloy of copper and aluminium, resembling gold in colour, and much used in the manufacture of cheap jewellery.

Aluminium in powder form is one of the chief constituents of the newer form of disruptive explosives, its function being to develop great heat in explosion. Very large quantities of it are now used for this purpose, particularly in the amatol class of explosives.

AMADOU.—A felt-like preparation obtained from a fungus found on forest trees. Its chief value is as a styptic in surgery. The inhabitants of Franconia make from it a material resembling chamois skin, which is worked up into warm garments. Steeped in saltpetre, it forms German tinder, by which name it is often known.

AMALGAMATION.—This is the correct expression for the current term "combine," used in connection with the joining up of trade interests. Amalgamation of trade unions during recent years has resulted in the formation of the most powerful bodies of workers having interests in common in the various branches of the same trade. An interesting example is supplied by the successive amalgamation of the different transport workers, such as the United Van Workers, the Association of Cab Drivers, the Bus and Tram Drivers, etc.

AMALGAMS.—Alloys formed by mercury with other metals. Mercury combines easily with lead, bismuth, zinc, tin, silver, and gold, less easily with copper, and not at all with iron, nickel, cobalt, and platinum. Amalgamation is used in separating metals from their ores, especially in the case of gold and silver. An excess of mercury produces a liquid amalgam. A solid amalgam of tin is employed for silvering metals and looking-glasses.

AMATOL.—A well-known explosive used for charging shells of all sizes, consisting of ammonia (nitrate and perchlorate of), aluminum, and tri-nitro-toluol.

AMBASSADOR.—The diplomatic agent appointed by one country to represent it in another country, or rather the person appointed by a Sovereign or the head of a State to act in his behalf in all communications of importance with the Sovereign or the head of another State. As an ambassador represents his Sovereign in the State to which he is accredited, he takes precedence in his new home over all persons after the members of the blood royal. The order of precedence amongst ambassadors themselves depends upon seniority of appointment. In his official capacity an ambassador can demand an audience of the Sovereign of the country to which he is sent, but it is the practice in Great Britain never to accord such an audience unless the Secretary for Foreign Affairs is present at the interview.

It is sometimes asserted that by a legal fiction the house of an ambassador is considered to be extra-territorial, i. e., it forms no part of the country in which it is really situated, but is part of the country from which the ambassador comes. Probably this view of the case is not correct. Nevertheless, an ambassador does enjoy certain special rights and privileges, similar to those which would be granted to a foreign potentate if he happened to be in a country other than his own upon a visit. Thus, contrary to the ordinary rule as to the nationality of persons born within the realm (see NATIONALITY), the children of an ambassador follow the nationality of their father. An ambassador is exempt from the criminal law of the country to which he is accredited, and he is also not amenable to the civil courts. This latter exemption is granted either on general principles of international law, or, as in the case of the United Kingdom, by statute law, an Act of the reign of Anne, passed in 1709, having specially provided for it. It is conceived that this rule might be broken into, as far as criminal procedure is concerned, if an ambassador was actually engaged in treasonable practices in his new home, but there is no doubt that the method that would be adopted at the present time would be dismissal from the kingdom. As to civil procedure, it is always open to an ambassador to waive his privilege and to appear in court. An ambassador is also exempt from the Customs examination. The goods which he

brings into the country of his residence pay no duties.

The immunity of an ambassador as regards civil process extends to his suite and to his servants. The privilege extends even to a British subject who is attached to a foreign legation, unless excluded by an express provision of English law. The exact position occupied by the suite and the servants in respect of criminal offences is not settled; but the difficulty is generally overcome by the willingness of the master to hand over the culprit to justice. The house of an ambassador is held to be sacred from visitation of officers of justice. England and France, however, disregard this sacredness when it is a question of arresting a criminal, especially if the offence has been committed by a subject of the country to which the ambassador is accredited. Any difficulty in this respect, however, would most certainly be overcome at the present time by diplomatic representations, if the nations concerned did not wish to break off all friendly relations.

When an ambassador is about to be appointed, it is the general practice to ascertain whether the person designated is likely to be acceptable to the country to which he is to be sent, since one State may decline to receive, or to retain, the diplomatic agent of another State if he is personally disagreeable or politically hostile to it. Instances of this have not been uncommon in recent years. If no difficulty arises, the ambassador bears with him a letter of credence under the sign manual of his Sovereign or the head of his own State to the Sovereign or head of the State to which he is sent, and the letter is presented on the occasion of his first audience. Similarly, when he has finished his duties, he presents his letters of recall at his last audience. An ambassador may be dismissed instead of being recalled, but this rarely occurs unless as a prelude to breaking off all friendly relations or entering upon war. During the term of his office an ambassador has power to treat with the State to which he is accredited according to the instructions which he has received upon his appointment.

Before the Great War England sent abroad nine ambassadors, viz., to Paris, Berlin, Petrograd, Rome, Vienna, Constantinople, Washington, Madrid, and Tokio. Recently the minister at Lisbon has been raised to the rank of an ambassador. The British minister at Brussels was dignified with the title of ambassador as from the end of July, 1919. To other countries with which there are diplomatic relations, the officials sent are called ministers (*q.v.*) and not ambassadors, although their powers are virtually the same. An ambassador who is sent upon a special mission is called a minister or envoy plenipotentiary. The ambassador sent by the Pope to those states which receive him is called a nuncio.

During the absence of an ambassador, or during the interval which elapses between the departure of one ambassador and the arrival of his successor, the duties of the office are confided to a person called the *Chargé d'Affaires*. He is in no wise accredited to the Sovereign of the State in which he resides, but to the Minister of Foreign Affairs. Though not possessed of the same privilege and dignity as an ambassador or a minister, he enjoys most of the powers and immunities accorded to his superiors.

The residence of an ambassador is called an embassy, that of a minister a legation.

AMBER.—The fossil resinous exudation of certain extinct species of conifers. It is brittle and inflammable, and varies in colour from pale yellow to reddish-brown. Though generally transparent, it is sometimes opaque and cloudy. Amber is mainly used in the manufacture of pipe mouth-pieces, beads, and other ornaments. It is a very ancient article of commerce, traces of it having been discovered in relics of the Stone Age. Though found in small quantities in various parts of the world, the main supply is derived from the shores of the Baltic, but a large trade is done in artificial amber made of copal, camphor, and turpentine. Its chemical symbol is $C_{10}H_{16}O$.

AMBERGRIS.—A speckled, grey, fatty substance, so called from its fancied resemblance to raw amber. It is derived from the intestine of the spermaceti-whale, and is found floating in the sea, or thrown up on the shores of Greenland, China, Japan, the West Indies, and Brazil. It has a fragrant odour and is used in perfumery as a costly adjunct to other perfumes. Its price varies from £2 to £6 per ounce. Great Britain's supply comes mainly from the Bahamas.

AMBERITE.—The name given to a smokeless powder, composed mainly of gun cotton, barium nitrate, and solid paraffin.

AMBIGUITY.—Where parties to a contract have deliberately put the terms of the contract into writing, it is a general rule of law that evidence cannot be given to contradict the document. Its construction is for the court, and the parties cannot be heard to explain what their meaning was when the document was written. It speaks for itself. But the meaning may not be clear. There thus arises what is known as an ambiguity. If the ambiguity is apparent upon the face of the document, *i.e.*, if it is *patent*, the court cannot construe the contract. It is of no avail. It will say that the parties were never *ad idem*, *i.e.*, that they had never arrived at a complete contract. This does not prevent evidence being given in the case where the document is in a foreign language and requires proper explanation, or where certain terms are used which have a special meaning, as being used either in a particular locality or amongst certain classes. Subject to these two exceptions, however, no evidence can be given either to vary or to explain the document. When the ambiguity is not apparent on the face of the document, it is said to be *latent*, and then in certain cases oral evidence may be given to explain it. "The document seems to the stranger reading it to be plain and simple enough, but, really, there are two states of facts equally answering to the instrument. To correct such an ambiguity and show what was intended, parol evidence is admissible." The cases in which such evidence is allowed to correct a latent ambiguity are such as the following:—(a) Where the whole of the terms of the contract have not been put into writing. (b) Where the contract is itself in question, and the assistance of the court is sought for its rectification or rescission. Again, in questions relating to pedigree, where there are, say, two persons of the same name, and the document fails to identify which one was intended, oral evidence is admitted to explain who is the actual person referred to.

AMBOYNA WOOD.—The beautiful Indian mottled wood obtained from the *Pterospermum indicum*. It is highly prized by cabinet makers, and is principally used for inlaying.

AMENDMENTS.—When considering the question of amendments at general meetings of companies, perhaps the most important point to bear in mind is the restricting effect produced by the notice convening the meeting. Any motion before the meeting for consideration may be amended, with the exception of a special resolution when submitted to the second meeting for confirmation; but no amendment will be in order which, if adopted, renders the notice convening the meeting misleading. For example, a notice convened a meeting for the purpose of considering resolutions for the reconstruction of a company and for the winding-up in regard thereto. At the meeting a resolution was passed winding-up the company, the part relating to the reconstruction being omitted. It was held that the resolution was invalid. Shareholders who may have stayed away from the meeting were entitled to assume from the notice that the winding-up was to be incidental to the reconstruction; they might quite conceivably have been prepared to vote against a simple winding-up resolution, while quite willing to submit to it when part of a reconstruction proposal. Again, at a meeting called to increase the capital of a company by a stated amount, it would not be permissible to move an amendment to increase it by, say, double that amount, but an amendment to increase it by a less sum than that mentioned in the notice would be in order.

It may be taken as a general rule that amendments which are germane to the motion before the meeting may be accepted by the chairman, provided no greater obligation is thrown upon the company than that contemplated in the notice. Where the notice refers to the business in general terms, the scope for amendments is much wider. Thus, if a meeting is convened for the purpose of sanctioning an increase of capital, and the notice states the object of the meeting to be "to consider, and, if thought desirable, to pass a resolution increasing the capital of the company," without mentioning figures, it would be quite in order for an amendment to be moved to increase the capital by a larger amount than that proposed, say, in a motion brought forward by the directors, always supposing that no provision in the Articles was contravened in consequence.

At an ordinary general meeting, where the business to be transacted is laid down by the Articles, such business need not be specifically mentioned in the convening notice; but the rule as to the limitation of amendments applies, and no amendment may be adopted which extends beyond the business with which the meeting is empowered to deal by the Articles. On the motion "that the directors' report and accounts be adopted," it would not be competent for a dissatisfied shareholder to move an amendment, to add words to the effect that the directors be removed from office.

In order to pursue so drastic a course, it would be necessary for a special general meeting of the company to be convened, and for notice to be given to all those entitled to attend, of any resolution which it was proposed to submit to the meeting.

An amendment must not be a mere negative. On a motion to increase the remuneration of the directors by £500 per annum, an amendment not to increase it at all would be out of order, as the same object could be attained by voting against the original proposition.

An amendment must amend, *i.e.*, it must not introduce a subject extraneous to the motion to



which the amendment is intended to apply. Supposing the motion before the meeting relates to the declaration of a dividend, a director has moved: "That a dividend of 2s. per share be, and is hereby declared, payable to all persons who shall be registered as members of the company on April 10th, 1911." A shareholder is disappointed with the proposed rate of the dividend, and during the discussion which takes place one can imagine the question of available profits being touched upon. Someone thinks that these might be increased if a branch of the business were started in Greenland, and accordingly moves what he calls an amendment, viz: "And that with a view to increasing the profits available for distribution next year, a branch office be opened in Greenland." This would be entirely out of order. The question before the meeting is what dividend, if any, shall be declared, and any proposal for extending the company's operations must be dealt with in a separate resolution. An amendment that the dividend be paid free of income tax, or that it be payable to shareholders on the register of members at some other date, would be quite good.

An amendment must not re-open a question already decided by the meeting.

It is usual and desirable that motions and amendments should be proposed and seconded, but there is no legal necessity to do either. Indeed, it has been decided in the courts that if the chairman simply puts the motion to the meeting and it is carried, it will not be invalidated on account of it not having been formally proposed and seconded. Any provision in the Articles in this connection must, however, be carefully observed.

The chairman should request that all amendments be placed before him in writing. The Articles sometimes make this formality obligatory, but where there is no provision to this effect, the chairman, in dealing with a shareholder who objected to write down his proposal, would not be acting within his right in refusing to put the amendment to the meeting.

The chairman must act with very great caution in the matter of rejecting amendments. On an amendment being proposed, he should ask himself the following question: Does it come within the scope of the business with which the meeting has power to deal, as defined by the Articles or stated in the notice convening the meeting? Has it been brought forward in accordance with the provisions, if there are any affecting the matter, in the Articles? Is it germane to the motion which it purports to amend? Is it intelligibly expressed?

If he can answer all these in the affirmative, he will probably have but slender grounds for rejecting the amendment should he desire to do so. From the nature of the case, the chairman at a public company meeting is nearly always biased on the questions brought forward. He knows more, or should do, of the company's affairs than the average shareholder, and is, therefore, better able to estimate the effect which any particular proposal may have with regard to its welfare. Again, he is often interested in the company, as a director, in a different way to the majority of those attending the meeting. These and other considerations may operate to influence a chairman and cause him to reject an amendment which he deems it impolitic to put to the meeting. If he does so improperly and on insufficient grounds, the resolution to which the amendment was proposed will, if passed, be

invalidated and will be set aside if the matter comes before the courts.

When a number of amendments are moved to the same motion, the chairman should see to what extent they are consistent with one another and with the original motion. If there are some which, although differently expressed, cover the same ground, he should try to arrange for one or more to be withdrawn, or for the wording to be altered so as to reconcile conflicting views. Much time can be saved in such cases by a chairman who possesses facility of expression, suggesting alternative wording so as to cover slight divergencies of opinion.

Amendments should be put to the meeting by the chairman in the order in which they affect the main question, i.e., those relating to the first part of the motion first and so on. Where several amendments relate to the same matter, they should be put in the order in which they are proposed.

Each amendment must be put to the meeting to be voted upon separately; it is not permissible to take a vote on several at one and the same time.

Amendments at company meetings are frequently treated as alternative motions, e.g., a motion is before the meeting: "That the directors be and they are hereby authorised to borrow on behalf of the company the sum of £20,000 from the A. B. C. Banking Co." A member thinks it would be better to borrow the money from the X. Y. Z. Bank. If the procedure usual at meetings generally is followed, he would propose that the words "A. B. C. Banking Co." be omitted and the words "X. Y. Z. Bank" be inserted in their place. The chairman, having accepted the amendment, would submit it to the meeting for discussion, and in due course put it to the vote. If the amendment was carried, the original motion as amended would be the motion before the meeting for further discussion and, if thought fit, amendment. If the amendment was lost, the motion in its original form would be revived to be dealt with by the meeting as deemed expedient. This is the correct procedure, and if the matter to be decided is at all complex, the one best calculated to bring about, without confusion, a result satisfactory to the majority of those attending the meeting. It is more than probable, however, that the amendment in our example would be introduced by the member in some such form as: "I beg to move as an amendment that the money be borrowed from the X. Y. Z. Bank." The chairman, after asking if anyone has any other amendment to propose, and none being forthcoming, can then state the amendment as an alternative proposition, thus: "The motion before the meeting is 'that the directors, etc.' to this an amendment has been moved 'that the directors be and they are hereby authorised to borrow from the X. Y. Z. Bank.'" The discussion on the amendment and on the original motion will then proceed concurrently. The chairman will subsequently put the amendment to the meeting to be voted upon; if it is carried the original motion falls to the ground, and the amendment becomes the resolution of the meeting. If the amendment is lost, he will then put the original motion to the meeting, and if there be any persons who do not wish to sanction the borrowing at all, they will, of course, vote against both amendment and motion. If there be any who think that the sum should be less (or more), such should have informed the chairman of their views when further amendments were called for by him. The method of treating an amendment as an alternative proposition

would seem, therefore, to result in hardship to no one, since all have an opportunity of bringing their views forward and of voting in accordance with them, and it is often a great convenience, especially where a number of relatively simple matters have to be decided in a short time. As a fact, amendments are not very commonly moved at company meetings, the shareholders usually being satisfied to rely on the judgment of their directors, certainly a number of amendments to a single motion may be regarded as a rare occurrence, but should it happen the chairman will do well to dispose of one amendment at a time and not try the "alternative proposition" method.

AMERICA.—America, or the New World, is composed of two great continents—North and South America—united by the Isthmus of Panama, a stretch of land about 28 miles wide at its narrowest part. It lies between the two largest oceans of the globe—the Atlantic and the Pacific—and has a total length of over 9,000 miles. In their widest parts, both North and South America have widths of over 3,000 miles. The total area of the whole is over 15,000,000 square miles, and, although it is less than Asia, it exceeds Europe and Africa together. The present article is confined to a general consideration of these continents, each of the different divisions or States being separately dealt with in full detail, from a commercial point of view.

NORTH AMERICA.—The northern division of America has somewhat of a triangular shape, having its base in the north and the apex of the triangle in the south. As already noticed, it is joined to South America by the Isthmus of Panama. Its greatest length is about 4,500 miles, and its greatest breadth, in the United States, is over 3,100 miles. Owing to this great breadth, there are great diversities of time in North America, the difference between the time of New York and San Francisco amounting to three hours, the former being five hours behind Greenwich time and the latter eight hours. (See **TIME**.) The area is about 8,600,000 square miles, about half the size of Asia. The total population is over 100,000,000; but owing to the rapid rate of immigration, no figures as to population can be considered accurate for any length of time. The inhabitants are mostly of European descent, the remainder being composed of negroes, American Indians, and half-castes. English is the language spoken by the vast majority, though in the United States there is a large German-speaking community. Again, in Canada, French is prevalent in certain parts, and is spoken by about 25 per cent. of the inhabitants of the Dominion. In Mexico and Central America, the inhabitants being mainly descended from Spanish immigrants, Spanish is the prevailing tongue, in fact, south of Mexico, with the exception of Brazil, which has, in the main, a Portuguese-speaking population, the language of Spain is the one which is in use.

Like Europe and Asia, North America has its coast line well diversified by bays, gulfs, peninsulas, promontories, and numerous islands, as shown upon the map. Its coast line is nearly 25,000 miles, i.e., considerably more than Africa.

Relief. Unlike the Old World, the trend of whose chief mountain masses is from west to east, or across the continent, the New World has its chains running from north to south, and this accounts for great diversities in several respects. The Rocky Mountains in the west are not far distant from the

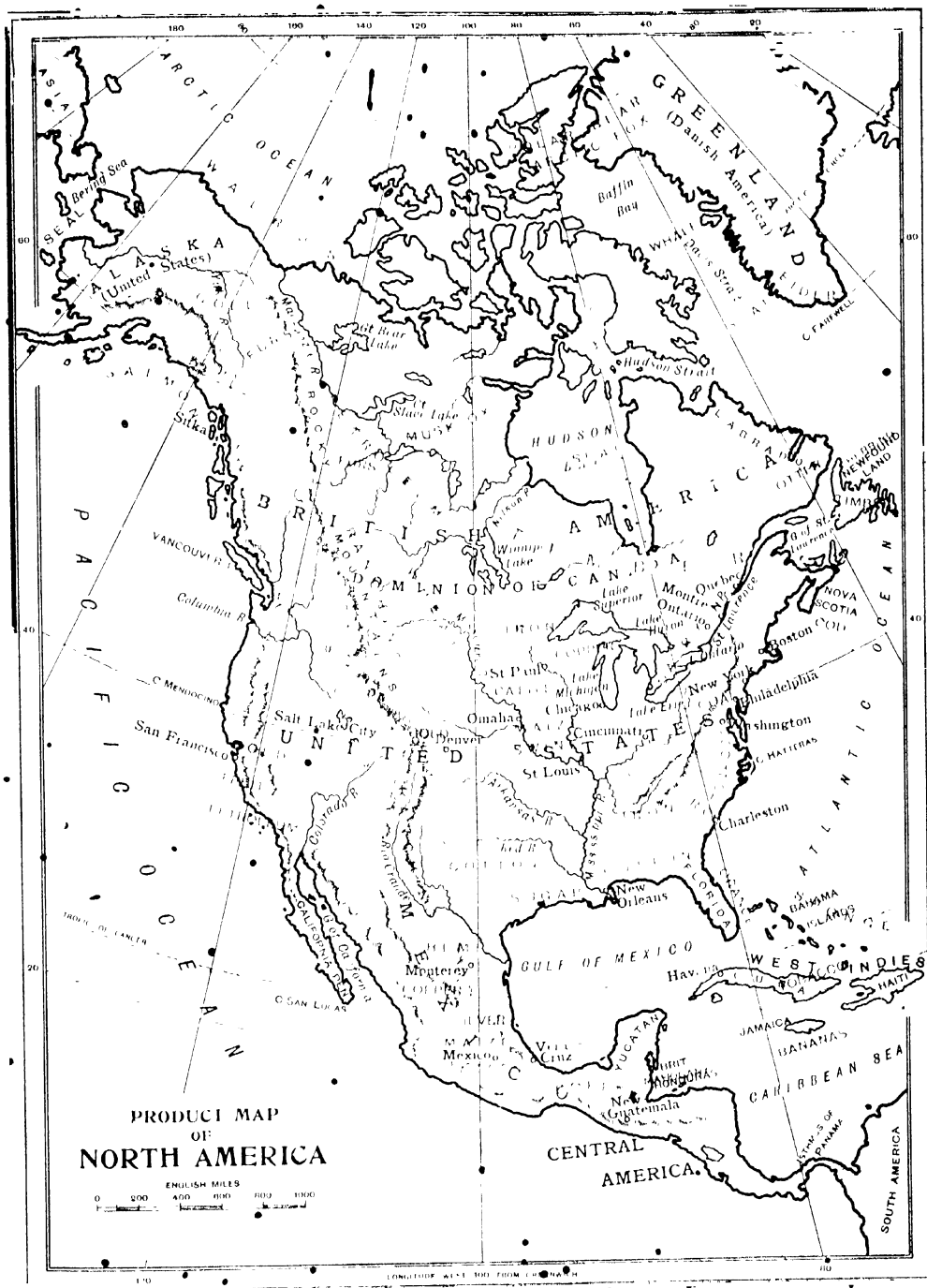
Pacific coast, and run practically from Alaska to Mexico. Their position renders the approach to the interior a difficult matter, except where science has come to the aid of man, whereas in the east and the south, the great rivers of the St. Lawrence and the Mississippi, together with the great lakes and the openings such as the Hudson Bay and the Gulf of Mexico, have given an easy access from the eastern side. The highest point of the Rockies is Mount Brown, over 16,000 ft. high, though Mount St. Elias is the height which is generally best known. In the east of the United States there is the Appalachian System, the most important range there being the Alleghenies. At the south end of the Mexican plateau there is a continuous mountain system running through Central America, with Popocatepetl, nearly 18,000 ft. high, as its culminating point. The Mexican plateau, just noticed, is about 9,000 ft. above the sea, and this has an important bearing upon the commercial position of that country, which will be noticed in the separate article dealing with it.

The greatest river of North America is the Mississippi, with its tributaries the Missouri, the Ohio, and the Upper Mississippi. The Missouri-Mississippi, measured from its source to its mouth—a distance of 4,200 miles—is the longest river in the world, and with its various tributaries provides waterways of commercial value to the extent of about 35,000 miles. The St. Lawrence, 2,000 miles long, is formed by the overflow of the great lakes, and supplies a fine waterway for Canada, though in winter the navigation is stopped by the formation of ice. The other rivers of importance are the Mackenzie, flowing into the Arctic Ocean; the Nelson, into Hudson Bay; the Yukon, through Alaska, into the Pacific; and the Columbia, also into the Pacific.

North America is remarkable for its great lakes. Besides the well-known five great lakes—Superior, Michigan, Huron, Erie, and Ontario—there are, in Canada, the waters of the Great Bear Lake, Great Slave Lake, Athabasca, and Winnipeg, whilst in the United States is the Great Salt Lake. The area of the Five Great Lakes is over 90,000 square miles—larger than Great Britain. Of the five, Michigan alone lies in the United States, the rest are between Canada and the United States. Lake Superior, the largest, is about the same size as Ireland, and is the greatest body of fresh water in the world.

The islands of importance are almost entirely on the east of North America, the only one of note on the west being Vancouver. Anticosti and Prince Edward fall within the Dominion of Canada. Newfoundland and all the islands which go to make up the West Indies are dealt with under separate headings.

Geology. Geologically, North America presents every stratified formation, from the old crystalline schists of the St. Lawrence and the Appalachians down to the recent alluvia of the Mississippi, and from the granites, syenites, and porphyries of the Rocky Mountains down to the recent ejections of the Mexican volcanoes. The great central plain, from the delta of the Mississippi north to the Arctic Ocean, is chiefly of recent origin, and, consequently, yields comparatively few mineral or metallic treasures, but in the other regions the economic minerals are numerous and abundant. Of these may be mentioned, granite and building stones of every description, limestone, marble, and gypsum; salt and salt springs in great abundance, and from several formations, coal, both anthracitic and



bituminous, in inexhaustible fields in the United States and Nova Scotia. The chief metals are:—Gold in California, British Columbia, Mexico, and the Yukon; silver in the Central United States and Mexico; iron in the United States, Canada, Mexico, and other districts; copper abundantly in the United States, Canada, and the Far North; lead also is abundant in the Western States and Canada, and tin, mercury, and antimony are found in Mexico and California.

Climate. The greater part of North America is in the temperate zone, the far north is within the Arctic Circle, while the south of Florida is only one and a half degrees from the Tropic of Cancer. Over such a vast area there are naturally many varieties of climate. The Pacific coast has an oceanic climate, cool and damp in the north region of the north, as in Norway and the west of Britain, warmer, with dry summers in the south, as in Spain and North Africa, making irrigation necessary. The southern portion of the great central plain, along the Gulf of Mexico, has a sub-tropical climate, with abundant rain. A large part of the western plateau region, as around the Great Salt Lake, is desert, except in the irrigated areas. The Arctic regions and Labrador are frozen during the greater part of the year, Hudson Bay being open to navigation only from the middle of June till October. The whole central region, with the exception of the parts mentioned, from the Rockies to the Atlantic, has an extreme climate, with the hottest summers in the south and the severest winters in the north. The Gulf of St. Lawrence and the Great Lakes are blocked by ice four months of the year. In all this region there is sufficient rainfall for agriculture, except along the foot of the Rockies, where, in both Canada and the United States, irrigation is generally necessary.

Flora and Fauna. From the Isthmus of Panama north to the 27th parallel of latitude, the vegetation (with the exception of that on the higher table-lands) is altogether tropical, and, hence, all the low grounds of the West India Islands and Central States teem with the products of that zone. From the 27th parallel north to the 35th parallel is the warm, temperate zone of the continent, marked by its magnolias, swamp-hickories, lobelias, deciduous cypresses, and luxuriant climbers and aquatics; and between the 35th and 44th parallels may be said to lie the true temperate zone, characterised by its oaks, ashes, hickories, planes, and white cedars, and growing in perfection all the cultivated fruits and grains. North of the 44th parallel to the basin of the St. Lawrence and Canadian lakes stretches the colder temperate zone, with its oaks, elms, birches, maples, red and white pines, and the ordinary fruits and grains of Europe. In an economic or agricultural point of view, it may be stated that all the common garden fruits of Europe can be reared in the northern states of the American Union, while oranges, pomegranates, melons, figs, peaches, grapes, olives, almonds, etc., can be grown in the south. Indian corn is cultivated in all parts to the south of Maine, tobacco as far as 40°; cotton to 37°; the sugar cane to 32°, rice in the Gulf States, wheat all over the Union, oats and rye chiefly in the north, and hemp, flax, and hops in the western and middle districts.

The puma, jaguar, and ocelot of America represent the lion, tiger, and leopard. There is a feebleness and want of abundance in these as compared with the carnivorous animals of Asia and Africa.

In like manner, the monkeys of the New World are inferior to those of the Old; the native red man also is less robust, less hardy, and less lively than the black man of the Old; the latter has thriven and multiplied even under toil and oppression in the New World. All the domestic animals of the Old World—the horse, ass, camel, ox, sheep, goat, pig, dog, cat, poultry, and the like—have been introduced with much success in North America, and have spread with the colonists over every habitable region of the continent.

SOUTH AMERICA. The southern part of America is very different from the northern portion, and great as has been the advance of the latter, South America is likely to be equally important from an economic and commercial point of view at no distant date. It has been called a model continent. It is simpler in its shape and construction than any other continent, and no other continent is so well situated or enjoys to a greater extent the advantages of the forces of nature. It has the full benefit of the north-east and the south-east trade winds, and in consequence is watered to a quite exceptional extent.

The extreme length of South America is about 4,550 miles, from Panama to Cape Hornward, the most southerly point on the mainland (Cape Horn is on an island farther south), whilst its greatest breadth, in Brazil, is 3,200 miles. The total area is 6,500,000 square miles. Like Africa, it has very few indentations, and the length of the coast line is only 15,000 miles, but the wealth of its rivers quite compensates for its deficiency in this respect. There are practically no islands. The statistics as to the population of South America are extremely unsatisfactory, but it is supposed that the total population is between 35,000,000 and 40,000,000. The people are of a very mixed character—Europeans, negroes, Indians, and half-castes. Owing to the long Spanish domination, the language of the former conquerors is the prevailing tongue, with the exception of Brazil, in which the Portuguese held longest sway, and where the Portuguese language is retained. Owing to the large influx of Italians into South America, especially the Argentine and Brazil, Italian is now also commonly spoken in many districts.

Relief. Just as the Rockies form the backbone of North America, the Andes occupy a corresponding position in South America. This range is, perhaps, the most regular and most clearly defined range of mountains in the world—it is certainly the longest, extending the whole way of the continent from north to south. The highest point is Aconcagua, in Chili, over 22,000 ft. high. The range divides South America very sharply as far as climate is concerned, and also affects its waterways. On the Pacific side there are practically no streams, and the prevailing trade winds from the Atlantic are robbed of every drop of moisture before they cross these great heights. Consequently, the western part is almost rainless and in many parts desolate, whereas the eastern part is the best watered on the globe. The other mountains of importance are the Parana and the Guiana in the north, and the mountains of Brazil, in the eastern part of that country.

The three greatest rivers of South America are the Amazon, the Orinoco, and the Plate River (La Plata). The first-named is the greatest river in the world, affording altogether, with its tributaries, 50,000 miles of river navigation. Its length is over

4,000 miles. The Orinoco, about 1,400 miles long, is not well known in its higher reaches. The Plate River is remarkable for its great width, and gives a tremendous commercial importance to Argentina, on account of the distance from its mouth to which large vessels can ascend. The other principal rivers are the San Francisco, in Brazil, and the Colorado, in Argentina. The former is, however, practically useless for commercial purposes on account of the interruption caused by the Paulo-Alfonso Falls, and yet on the banks of this river it is estimated that one fifth of the population of Brazil resides.

There are few lakes in South America. That in Venezuela, the Lake of Maracaybo, is practically only a lagoon. In Bolivia is Lake Titicaca, 12,000 ft. above the level of the sea.

Geology. Though observations have been made at numerous detached points, the geological structure of this continent is yet imperfectly known. The Andes, as well as the Brazilian and Columbian sierras, are rich in metalliferous veins and precious minerals. Gold, for example, is found in New Grenada, Brazil, Guiana, Chili, Peru, and Bolivia, silver in Peru, Bolivia, Chili, and La Plata, tin and quicksilver in Peru, copper, lead, antimony, iron, etc., in various districts, coal in Brazil, Chili, and Panama, salt in Grenada and La Plata, nitrates of soda and potash in the salinas of La Plata and Peru, diamonds in Brazil, emeralds and other precious stones in most of the higher ranges.

Climate. South America lies, for the most part, within the tropics; but its climate is, as a whole, much more suited for Europeans than that of Africa. There are various reasons which account for this state of things. First, there are the prevailing trade winds, a matter of the greatest importance; secondly, in the parts nearest the equator, dense forests give an excellent shade; thirdly, much of the interior is considerably elevated; lastly, the western coast is watered by the cold Antarctic Drift Current.

Flora and Fauna. In no region is the true tropical forest seen in such perfection, in none is rapidity of growth so remarkable, and in none is there such a development of verdure and foliage. In Paraguay is grown the mate or Paraguay tea tree, and in the more tropical portions are cultivated the cinchonas, sugar-cane, cocoa, coffee, tapioca, chocolate, arrowroot, tobacco, cotton, indigo, and a thousand luscious fruits, while in Chili, "the Italy of South America," the vine and olive are grown.

Large reptiles and brilliantly coloured birds are the main characteristics of animal life in South America. None of the larger animals of Asia and Africa are to be found, but monkeys are very plentiful. Amongst birds, the most noticeable are the condor on the one hand and the humming-bird on the other.

All matters which are touched upon generally in this article are dealt with in full detail, as far as commercial matters are concerned, in the articles dealing with the separate countries of the two continents.

AMERICAN SECURITIES.—The subject of American securities deserves special treatment for a variety of reasons. In the first place, the United States is, in the modern sense, a new country of vast resources, with a rapidly increasing population, but which has only been "developed" within the last generation or so, with the result that it has

absorbed millions of European capital for the construction of railroads and the development of industry. This capital it has absorbed by borrowing vast sums from Europe for the purposes named, the Governments, municipalities, and companies utilising this capital having issued in exchange therefor bonds of various descriptions. Then also, although perhaps in a less degree, large sums of European money have found their way to America as investments in the shape of preferred stock and common stock, this last, however, usually being regarded as "water" or "promoters' plunder," so that for reasons which are described under the heading of WATERING OF STOCK, it is only of late years that any large sums of money have been invested in common stock.

It is easy to see, therefore, why interest in American securities should be more widespread than in any other class of security; and, in addition to the home Exchanges, considerable business in American securities is done on the Stock Exchanges of London, Berlin, Frankfurt, Amsterdam, and, in a less degree, Paris and the Swiss Bourses.

As a result of the war, the United States has developed from a debtor to a creditor country, and has bought back from Europe a large proportion of her own securities which had been held by European investors, and has also lent large sums to European countries, including Great Britain, but many American investments are still held in the United Kingdom, and as American capital comes to be invested over here more, American methods and types of security are introduced, so that it is necessary for the financier to be acquainted with them.

While in the United Kingdom we are familiar with a fair number of classes of securities, for variety and ingenuity in the creation of different classes and descriptions of negotiable securities the palm must be given to America, and in the present article an attempt will be made to describe these different securities. At the outset, attention should be drawn to the differences of nomenclature in the two countries, which, in some cases, can easily lead to confusion. Where we speak of debentures, the American speaks of bonds, by stock the American always understands shares, and he speaks of common stock and not ordinary shares as we do. Where in this country one would speak of Barry *Ordinary* to indicate the ordinary stock of the Barry Railway, in the United States one speaks of Atchison *Common*. Incidentally, also, in America one speaks of railroads and not of railways. A tramway becomes in the United States a street railway, and many a European investor holds bonds or stock of what is merely a tramway under the fond delusion that he holds a railway security, on the other hand, it has to be admitted that several of these American tramways are electric railroads linking up two cities, and while within the city streets they are practically tramways, once outside the city they become fast railways much like our own tube railways. In connection with American securities, one often reads of Corporation Bonds and Stocks. In the United Kingdom by Corporation Stock one understands a loan issued by a municipality. In the United States quite the contrary meaning obtains to the term, the word "Corporation" being used to denote a company and "stock" to denote ordinary shares. We will now pass on to a brief examination of the numerous kinds of American securities.



Common Stock (or Shares). This is equivalent to capital stock or ordinary shares as known in the United Kingdom. A share of stock is a certificate issued by a Corporation certifying the ownership of a certain interest in its capital stock. While certificates may represent any number of shares, they are usually in denominations of 100 shares, and it is interesting to note that all certificates of shares dealt in on the New York Stock Exchange have to comply with certain requirements of the Stock Exchange authorities, and *must be engraved by one of a number of licensed companies*. The par value of a share of stock (as it is technically termed) is \$100, but a few companies—among the Railways, the Pennsylvania, and the Reading Companies—have shares of the par value of \$50. Some smaller companies, particularly mining companies, issue shares of the par value of \$25, \$10, \$5, and even \$1. As in the United Kingdom, shares may be issued fully paid or partly paid, but, in addition to this, some shares are *assessable*, in which case they are subject to a call for extra payment, in addition to their original cost, should the company get into difficulties or require additional working capital. To indicate that it is immune from this liability, a share is described as being non-assessable.

Preferred Stock or Shares. Subject to the general observations made under the heading of "Common Stock (or Shares)," there is no difference between preferred stock or shares as known in the United States and preferred stock or shares in this country. Such preferred shares may be cumulative or non-cumulative, and may be participating preferred shares, which means that after they have received their preferred dividend and the ordinary shares (common stock) have also received a dividend of equal or other amount according to the conditions governing the issue, they are entitled to a further participation in subsequent profits.

Bonds (General). A bond is a certificate of indebtedness on the part of a Government, municipality, or company, and is usually not in the name of an individual, but is issued in favour of the bearer. The genuineness of each bond is usually certified to by the institution which is the trustee of the mortgage, this is generally a Trust company, and individual trustees for the debenture holders, as we have them in this country, are not known.

Railroad Bonds. By far the greater portion of American bonds known to the public are those of the railroads. These are always in denominations of \$500 or \$1,000, and indicate the terms of the mortgage, the amount of the issue, the rate of interest, and the property pledged as security. Furthermore, they indicate the date on which they are repayable, for, unlike British Railways, bonds of American railroads are almost invariably repayable at a certain date, fifty year bonds being, perhaps, the most frequent, they are often redeemable before the due date at the option of the company on certain terms. There are over a dozen different kinds of railroad bonds known in America, and we will give shortly the salient points of the principal kinds.

Receiver's Certificates. These are comparatively rare, being issued by receivers appointed by the courts, and are only issued under court instructions, to maintain the road issuing the same. They are authorised only in cases of absolute need, and for this reason the courts hold that these receiver's certificates or notes have first rights upon the property. Being uncommon, they have no broad

market, but they are always in good demand, and despite their ominous title, rank among the highest grade of securities. They usually carry a relatively low interest rate. Among such issues are: Atlanta, Birmingham, and Atlantic, \$5; International and Great Northern, \$6; Western Maryland, \$5; Chicago, Cincinnati, and Louisville, \$5; etc., etc.

Prior Lien Bonds. These securities are also not very common, but rank high, and are considered as practically gilt-edged. Usually they are sold to pay debts, having precedence over mortgage bonds; naturally, therefore, they rank prior to all other mortgages. Among these may be mentioned Baltimore and Ohio, \$3½; National Railroad of Mexico, \$5; Erie Railroad, \$4; Chicago and Alton, \$3½.

Short Term Notes. These are issued when money market conditions preclude, or render inadvisable, an issue of long term bonds. They bear a high rate of interest, generally 5, 6, or 7 per cent., but their life is limited usually to one, two, or five years, or until capital becomes sufficiently plentiful to enable the borrowers to dispose of an issue of bonds at a reasonably low rate. They are, as a rule, amply secured by high grade collateral. Frequently the security represents the unissued bonds which the borrower found inadvisable to offer at the time, and in not a few cases they carry a guarantee as a special security. Occasionally short term notes are issued in unsecured form, i.e., based entirely upon the credit of the issuing company. Such notes are not a desirable investment, but, generally speaking, short term notes assure to their holders the safety of principal and interest in almost any contingency. Among such securities may be mentioned: Atlantic Coast Line, \$5, Norfolk and Western, \$5, Hudson Company, \$6, St. Louis and San Francisco, \$5.

Collateral Trust Bonds. The value of a bond depends upon that of the property mortgaged, and upon the extent of the mortgage, therefore, collateral trust bonds, the underlying value of which consists of bonds and stocks, naturally take precedence. Some authorities do not consider collateral trust bonds as of the same rank as other classes, but as a general rule, where the underlying issue is sound, they are excellent security. If, for instance, the bonds underlying a collateral trust issue are a prior lien or first mortgage, the highest grades of the ordinary type of bond—naturally the collateral issue must from its very nature be equally good. Collateral trust bonds are issued against stocks or bonds of subsidiary concerns, the original securities of which are, in turn, pledged against these collateral trust bonds—to reimburse the holding companies for their original outlay made in acquiring such subsidiary properties, or in financing other projects, as the case may be. In event of default, the collateral trust bond holders have first claim upon the collateral securing their bonds. Often the security held in trust yields a much larger interest return than is required by the collateral bonds. In such cases the balance is usually applied to a sinking fund, out of which the collateral trust bonds are eventually redeemed. Among such securities may be mentioned: Atlantic Coast Line, \$4, Southern Pacific, \$4; Chicago Rock Island and Pacific, \$4; Illinois Central, \$3½.

Mortgage Bonds. These issues are the best known, because they are most frequently encountered. Nearly every railroad in the country has outstanding against its property a so-called mortgage

bond, which is simply a promise to pay a certain amount at a certain time, a mortgage covering all or part of the company's property being given. Interest, of course, is at a stated rate, payable at stated periods—generally twice a year. There is nothing unusual about a mortgage bond, and it is just what its name implies. There may, nevertheless, be several classes, as first mortgage, second mortgage, and third mortgage, and even in some cases, fourth mortgage, the terms signifying priority in the accepted sense of the word, and each issue being a lien on the same asset in the order of its precedence. A first mortgage bond usually takes the form of a "blanket" obligation, covering all property, right-of-way, real estate, for whatever purposes used: equipment, rolling stock, and all appurtenances. In cases where equipment is mortgaged separately, or where stations, yards, or terminal property is set apart and bonded, such exceptions are expressly stated and understood. In case of default in interest, and subsequent foreclosure and judicial sale, the proceeds would be applied first to satisfying the principal and accrued interest on the first mortgage, then to the second mortgage, and, lastly, to the third. In the event of all three obligations being satisfied, and there still remaining a balance from the proceeds, it would be distributed *pro rata* to the stock holders, holders of preferred stock naturally taking precedence of holders of common stock.

Among such securities may be mentioned: Atchison, Topeka, and Santa Fe, \$4; Reading Company, \$4; Atlantic Coast Line, \$4; Pennsylvania, \$5; Chicago, Milwaukee, and St. Paul, \$4.

Equipment Bonds. Equipment bonds are issued for the purpose of acquiring rolling stock, and are secured by a mortgage thereon. Often they take the form of car trust certificates, by which method a railroad is enabled to provide itself with funds for purchasing equipment on a plan of easy payment. These bonds are considered to be exceptionally safe, and it is said that there is no case on record of default on a car trust obligation in the United States. The reason is obvious, for without its equipment a railroad is helpless. It may pass the interest on its mortgage bonds, but it cannot do so on its equipment liens without having the rolling stock underlying them taken and sold for the benefit of the security holders. Ordinarily the amount of the issue is less than the cost price of the equipment which it covers, thus affording a sufficient margin of protection to the lender in case of default. The bonds are payable in instalments at certain specified dates over a period of years. Among such securities may be mentioned: Central of Georgia, \$4½; Pennsylvania, \$3½; Hocking Valley, \$4; Colorado and Southern, \$5.

General Lien Bonds. The above term is used at times to describe a mortgage bond of the ordinary type. General mortgage, consolidated mortgage, refunding, and unified mortgage bonds constitute in effect, however, one class of securities, being issued under a blanket mortgage designed to cover all the property of the railroad, and serve also the purposes of providing for extensions and betterments, as well as for payment of maturing bonds. They are subject to prior liens, but are a first mortgage on extensions constructed with the proceeds of the issue, as well as on equipment purchased in like manner.

Convertible Bonds. With railroads the issue of

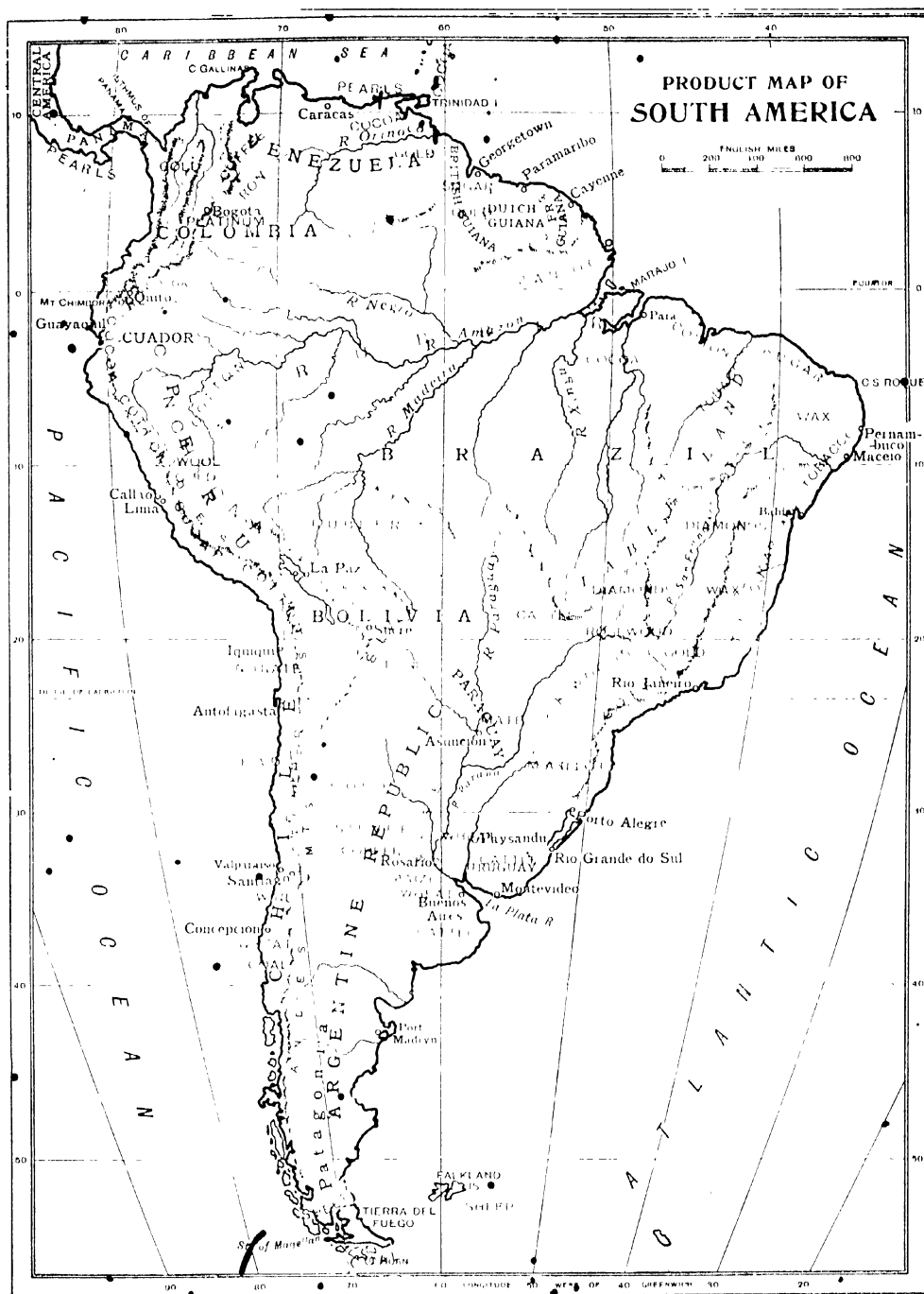
this class of security is popular, for the reason that the companies desire to make their bond issues as attractive to investors as possible. Through a convertible bond a company is enabled to borrow money at about the same rate as that paid on an ordinary mortgage bond, and yet issue its security in a way that eventually it will disappear as a fixed lien and be converted into shares of the capital stock of the company. These securities have become very popular of late years, owing to the great appreciation in the value of American stocks as a result of the enormous volume of business handled by the railroad systems of the United States, and also to the prosperity of the nation as a whole. Usually the convertible bond issue bears a lower rate of interest than the stock into which it is convertible, the company thereby pays only 4 or 4½ per cent. on its new capital instead of 5 or 6 per cent., as would otherwise be required. It is the value of the stock into which a bond is ultimately to be converted that in most cases governs the price of the bond itself. The bond is, of course, not secured by mortgage on any specified part or parcel of property, so that the stock into which it is ultimately to be converted affords the only means by which its price may be judged. If, for instance, the stock is quoted at 125, and the conversion privilege is operative, the convertible bond will sell at a corresponding price, even though it bears but 4 per cent. interest on its face value of par. Convertible bonds are subject to redemption at a certain premium, in case the conversion privilege is not exercised. In the last analysis they really are not "bonds," in the sense of the word, for they share in all the vicissitudes of the stock, are not secured by mortgage, and do not, therefore, possess the absolute safety and stability which the term "bond" usually implies. They take precedence, however, over all stock issues. Such bonds are Atchison, Topeka, and Santa Fe, \$4; Lackawanna Steel, \$5; Brooklyn Rapid Transit, \$4; Southern Pacific, \$4.

Division Bonds. These are another type of the general mortgage bond, but instead of being a charge on the entire property of a railway, they are secured only by a mortgage on a certain part or division of the road. Among these are: Baltimore and Ohio South-Western, \$4; Northern Pacific, \$4; New York Central, \$4; Missouri Pacific, \$4.

Extension Bonds. Like division bonds, they are not a mortgage against the issuing road as a whole, but against the extension for which the issue was specifically made. At times though not often, they have rights against the other property of the company, these rights ranking after the prior mortgages. The price of the extension bonds is, like that of the divisional, governed by the standing of the company which makes the issue, although, in the event of foreclosure or re-organisation, there is the danger that separation of the underlying property from the main system may take place, in event of which the value will be greatly lessened, as almost invariably the branch is but a "feeder," and its prosperity dependent upon the main line. Among such securities may be mentioned: Illinois Central, \$4; Norfolk and Western, \$6.

Debenture Bonds. These are issued only by companies having the highest credit.

Whereas English debenture bonds are really a mortgage or first charge on the tangible assets of a company, American debenture bonds have no special collateral security, and rank after specified



mortgage bonds, and are dependent as to value entirely upon the credit of the company issuing them. Sometimes they are cumulative as to interest, more often they are not, and holders have no power to proceed to foreclosure except at maturity. Among these are: Atlantic Coast Line, \$4; New York, New Haven, and Hartford, \$4; Southern Railway, \$5; Chicago, Milwaukee, and St. Paul, \$4.

Income Bonds. Income bonds are akin to debentures, and have been compared with preferred shares. Preferred shares have, however, an advantage over income bonds, in that their interest is fixed and often cumulative, income bond interest is "payable if earned." They further differ from preferred stock, in that they have no voting power. They are not in the debenture class, because their interest is non-cumulative. Among such securities may be mentioned: Chicago and North-Western, \$6; Chicago, Peoria, and St. Louis, \$5; and in England the most familiar income bond is that of the Underground Electric Railways of London, a company formed under American auspices. Although 6 per cent. bonds, they have, on occasion, received only 4 per cent., that being all the profits showed as available, this illustrates the fact that on a non-cumulative income bond the holder may receive only part of the fixed rate, if sufficient has not been earned to pay that rate in full.

AMETHYST.—An esteemed variety of quartz of a beautiful violet blue color, due to the presence of peroxide of iron or of manganese. It is usually found in cavities. The finest specimens come from India, Ceylon, and Brazil, but the amethyst is common in Europe, especially in parts of Scotland, in Prussian Rhineland, and in Hungary. It is used for seals, rings, etc., and, being abundant, is cheaper than other gems. The so-called "Oriental amethyst" is a purple variety of sapphire.

AMICUS CURIAE.—The privilege of audience in a court of law is very jealously guarded, and only the litigants in person or their duly authorized legal advisers—counsel or solicitors—are permitted to address the court. As is well known, judicial decisions are largely dependent upon precedent, and it is the business of the lawyer to be acquainted with every reported case which is in any way relevant to the matter in issue. Sometimes, however, an authority is overlooked or forgotten, and in such a contingency any advocate who is in court is entitled, by courtesy, to intervene and supply the omission. The intervenor is known as *amicus curiae*, the Latin equivalent of a "friend of the court." From its true and accurate meaning, the term has come to signify any person who interposes in a difference or a discussion and tenders his opinion or advice.

AMMONIA.—A colorless, gaseous compound of nitrogen and hydrogen, the chemical symbol being NH_3 . It is much lighter than air, and has a characteristic pungent and suffocating odour. It is extremely soluble in water, the strong solution being known as liquid ammonia, or *liquor ammoniac*, and containing 35 per cent. of the gas. Ammonia is a valuable reagent in chemical analysis, and is used medicinally, both internally and externally. Its salts are numerous and useful in commerce, the most important being the sulphate of ammonia, which is much used as a manure. Carbonate of ammonia is valuable as a smelling salt, and its solution is known as "Salt Volatile." It is also used in scouring wool. Nitrate of ammonia is resolved into "laughing gas" and water.

Ammonia is also employed for pharmaceutical purposes, in dyeing processes, and for the absorption of heat in refrigerators.

More recently, ammonia has come into use in the form of nitrate of ammonia, the major constituent of the so-called "safety explosives" for coal mining, and of the filling of the disruptive shells for warlike purposes. Its great disadvantage is that it is highly hygroscopic, and this has led to its being substituted to a great extent by perchlorate of ammonia, especially in the preparation of war material.

AMMONIAC or AMMONIACUM.—A medicinal gum resin of bitter taste and nauseous smell, valuable on account of its stimulating qualities, and used both externally and internally. It is a product of the *Dorema Ammoniacum*, an umbelliferous plant of Persia, and is obtained by exudation.

AMONAL.—This is an explosive largely used for both war and industrial purposes as a disruptive. It consists chiefly of ammonia (nitrate and perchlorate of) and aluminum powdered.

AMONTILLADO. The name of a very pale, dry, and light sherry.

AMORTISATION. In law, this word (which sometimes appears as "amortisement") means the alienation of lands in mortmain, that is, a transfer in perpetuity to a corporation or to a charity.

In finance, amortisation signifies the redemption of loans or bonds by annual payments from a sinking fund. The sinking fund is built up for the purpose of redeeming annually such an amount of bonds as are due to be paid off along with the interest on outstanding bonds. An amortisation table is sometimes printed on certain bonds which are repayable in this manner, showing what amount is redeemable each year.

AMORTISEMENT. (See AMORTISATION.)

AMOUNT OF BILL OR CHEQUE. The amount is invariably expressed in words and figures, though it is the amount in words which governs the instrument, as far as practice is concerned. If the amount is expressed in words alone, the bill or cheque is paid, if in figures alone, it is generally returned for completion. When the amounts are expressed in both words and figures and they differ, a banker generally returns the bill or the cheque marked "amounts differ," so that the mistake may be rectified. Some bankers, however, pay the less amount. This is not regular, for by the Bills of Exchange Act, 1882 (Sec. 9, sub-sec. 2), it is provided—

"Where the sum payable is expressed in words and also in figures, and there is a discrepancy between the two, the sum denoted by the words is the amount payable."

No prudent banker, however, would run the risk of paying a bill which was drawn, say, for £100 expressed in figures and "one thousand pounds" in words, upon the instructions contained in the words, unless he was expressly authorised to do so by the acceptor.

An inland bill or a cheque is drawn for an amount expressed in English money, £, s., and p., the penny being disregarded. As to a bill expressed in foreign money, see FOREIGN BILL.

"AMOUNTS DIFFER." (See AMOUNT OF BILL OR CHEQUE.)

AMYGDALIN.—(See OIL OF ALMONDS.)

ANALYSIS.—During recent years, various

statutes have provided for the analysis or examination of different substances by specially appointed officials, called analysts.

The Metropolitan Water Board are bound to employ a staff for the analysis (chemical and bacteriological) of their water supply, and reports of the staff are sent to the water examiner appointed by the Local Government Board, who from time to time examines the effective filtration of the water. The Local Government Board may also, on local request, examine the quantity or quality of water, and may on its own initiative examine the quality. The Public Health Act, 1875, enables a court of summary jurisdiction (*q.v.*) to direct an analysis at the cost of a local authority of any well sought to be closed by such authority on the ground of pollution.

The analysis of food and drugs is a matter of great importance, and is governed by the various Food and Drugs Acts passed between 1875 and 1907. Any purchaser of an article of food or of a drug is entitled to have the same analysed by the public analyst of the district for a fee of half a guinea. If there is no such analyst, the purchaser is entitled to an analysis by the public analyst of another district, but in that case he must pay any such fee as may be agreed upon. The Acts provide for analysts working in conjunction with various local public officials—such as medical officers, inspectors, or police constables—to procure the due observance of their provisions. Any of these officials may procure samples of food or drugs which are suspected of contravening the Acts, and may take samples of milk. These are sent to the public analyst for analysis, the analyst being paid the fee appointed as above. A certificate of analysis must be prepared with all convenient speed. When articles are purchased which are intended for analysis (but not otherwise) the purchaser must divide the same into three equal parts—one to be retained by the official purchasing, one to be retained by the seller, and one to be forwarded to the analyst. If the analyst carries on his business more than two miles away, the sample must be sent by registered post. The seller must be informed at the time of the sale of the purchaser's intention to have the article analysed and each part must be marked and sealed in such manner as its nature permits. Milk samples are subject to special provisions, for if the name and address of the consignor appear on the vessel containing the milk, the person taking the sample must forward a portion of the same duly marked and sealed to the consignor. A refusal to sell to an official tendering the proper price and desiring to take a sample is an offence punishable by fine not exceeding £10. The Local Government Board and the Board of Agriculture may instruct their officers to take samples for analysis, the Acts applying as if the officers were the officers of the local authority, except that the sample is then to be divided into four parts, the fourth being sent to the Board, and that the fee for analysis is payable by the local authority of the place where the sample is procured. This affords a means of keeping local authorities up to their duties, and they are also compellable *by mandamus (q.v.)* to appoint an analyst. The Local Government Board or Board of Agriculture, as the case may be, may execute the duties under the Acts of a defaulting local authority.

Upon analysis the analyst is to give a certificate in the form furnished by the Act. Care should be

exercised in filling up this certificate, as otherwise it may be held defective, and too much reliance should not be placed upon those decisions in which it has been held that the information supplied is sufficient for the case in hand. It is very desirable that the certificate should state as fully as possible the facts disclosed by the analysis, and the scientific assumptions on which the analyst bases his certificate. The analyst's certificate is important if a prosecution follows for any breach of the Acts, as the certificate is then sufficient evidence of the facts therein stated, unless the defendant requires the analyst to be called as a witness. But the certificate cannot be used except for the particular prosecution in connection with which it was obtained. Thus, if a prosecution is instituted for selling an article which is not of the nature, substance and quality demanded by the purchaser, the certificate of the analyst in this case cannot be used if an information is subsequently preferred against the prior vendor for giving a false warranty, it, in fact, a warranty has been given and the first seller has relied upon the same as a defence in his case. The defendant also may have the substance analysed on his own account and obtain a certificate. Such certificate will be sufficient evidence unless the prosecutor requires the analyst to be called, but a copy of it must be sent to the prosecution three days before the hearing. If the prosecution and the defence produce conflicting certificates, the justices must decide between them. On the hearing the prosecution must produce the third part of the article, and the justices may, at their discretion, send it to be analysed at the Government laboratory, and must do so if either party so requests. The Government analysis is not conclusive, though its result will have great weight with the justices. If by some mischance the sample retained has become incapable of analysis, this is not fatal to a conviction.

The analysis of tea is specially dealt with, for all tea imported into the United Kingdom is subject to examination by analysts appointed by the Commissioner of Customs, and if it is found to be mixed with other substances or with "exhausted tea" (*i.e.*, tea deprived of its proper quality), it may be destroyed.

Agricultural analysis is governed by the Fertilisers and Feeding Stuffs Act, 1906, which provides for the appointment by the Board of Agriculture of a chief agricultural analyst, and by the councils of counties and county boroughs of agricultural analysts and official samplers. The provisions in the Act for taking samples and for the analysis of them are very similar to those of the Food and Drugs Acts, except that the Act contains no provision whereby the defendant in a prosecution can avail himself of an analyst's certificate. No prosecution is to be commenced under the Act without the consent of the Board of Agriculture, after analysis by the chief agricultural analyst of the article complained of.

ANALYST, PUBLIC.—An official appointed by the local authority of a borough or county to analyse samples of food and drugs under the Food and Drugs Act, 1875 to 1907. He must satisfy the Local Government Board as to his competency to perform his duties, and when once appointed he can only be dismissed by this Government authority. The chief qualification is an expert knowledge of chemistry, and this is generally supplied by the analyst being a Fellow of the Institute of Chemistry, with a certificate of special

iciency in certain specified branches of scientific knowledge. In addition to his duties under the Acts, as detailed more fully in the article ANALYSIS, the analyst must prepare a quarterly report of his work for the use of the local authority under which he performs his duties, and an annual summary for transmission to the Local Government Board.

ANATTO.—(See ANNATTO.)

ANCHOR.—A heavy iron instrument for fixing a vessel in a harbour or road, thence called an *anchorage*. It consists of a strong bar called the shank, having, at one end, a beam called the stock, which lies flat when at the bottom, with a ring beyond it, to which the cable is attached, it terminates at the other end in two opposite arms at right angles to the stock, to which are attached strong triangular plates, called flukes. The anchor, which under some form or other must have been as ancient as vessels of any magnitude, is accordingly mentioned by many Greek and Latin authors, by whom also the invention, like many others, which, from clumsy beginnings, have passed through many stages of improvement, is ascribed to various persons. The first anchors were most probably, what they are now among uncivilised nations, namely, large stones, or crooked pieces of wood loaded with heavy weights. Among the Greeks the anchor was made latterly of iron. The first anchors had but one fluke, afterwards the other was added, but the anchor was yet without a stock, as appears from ancient monuments, and must have been very incomplete till the stock was added, which may, therefore, be considered as the last step towards the present form. By the Anchors and Chain Cables Act, 1899, all chain cables or anchors of more than 168 lbs weight used in British ships are required, under penalty, to be of a proper quality and strength. They must pass a test prescribed by the Board of Trade. Certain corporations are permitted, under licence of the Board of Trade, to set up testing establishments. Testing establishments must, with all reasonable dispatch, test every anchor and chain cable that is brought to the testing establishment, and must test them in the order in which they are brought, unless the persons interested agree to the contrary. All chain cables and anchors of the above-mentioned weight must be tested by qualified persons and stamped, and buying or selling them untested and unstamped for the use of a British ship is a misdemeanour, and every contract for the sale of an anchor of that weight or chain cable is deemed to imply a warranty to that effect. All anchors are to be marked by their manufacturers with their names or initials, and a progressive number and the weight of the anchor. Every emigrant ship must carry three bower anchors of such weight and with cables of such length, size, and material as in the judgment of the emigration officer are sufficient for the size of the ship. Dealers in marine stores, *e.g.*, anchors and cables, must have their names and trade painted upon their shops, must keep proper books showing all the stores passing through their hands, may not buy marine stores from persons under sixteen years of age, and may not cut up cables without a written permit from a justice of the peace and advertising that they have such permit. In navigating a ship, the anchor must be carried in a safe position, *et c.* in case of collision with another vessel, the shipowner will be liable for all the damage so caused.

ANCHORAGE.—The dues imposed upon and

payable by ships in respect of anchoring in certain ports or harbours.

ANCHOVY.—A small fish of the herring family, from 2 to 8 in. in length. It is very abundant in the Mediterranean, and a large trade is carried on in tinning anchovies at Cannes, Frejus, and St Tropez. Anchovies are chiefly useful for the sauce paste, *etc.*, made from them.

ANCHOVY PEAR.—The fruit of a tree of the myrtle order, which grows largely in Jamaica. It has a flavour like that of the mango, and is usually eaten in the same way, *viz.*, pickled.

ANCIENT LIGHTS.—As building operations increase, the question of interfering with the amount of light enjoyed by the owner of premises becomes one of greater and greater importance. Although not altogether free from doubt on certain points, the state of the law has been pretty clearly laid down by the House of Lords in the well-known case of *Colls v. Home and Colonial Stores*, 1904, App. Cas. 179.

Two things must be borne in mind in considering this right to light, which are very frequently lost sight of. First, there is no legal right to any particular view. Thus, a house may be built commanding an extensive and magnificent prospect. No length of time will enable the owner or occupier to prevent another person building so as to obstruct the view, even though it is done for the very purpose of causing an annoyance. Secondly, the right to light, when it exists, can only be acquired in respect of buildings, and not in respect of land.

The right to what are known as ancient lights is acquired by grant or by prescription (*q.v.*). Grant speaks for itself, as it signifies the express permission given by one person to another; prescription signifies twenty years' uninterrupted enjoyment. Unless the right has been acquired in either of these ways, there is nothing to prevent adjoining owners from building close to each other and darkening each other's dwellings. In order to prevent the prescriptive right being gained, it is often the practice of a builder who owns several plots of land and only builds upon one of them to erect a hoarding so as to obstruct the light of the windows of the house that has been completed. By so doing he is enabled to build upon his other plots at any time close up to the first house, even after a lapse of twenty years or more. If the right, or, as it is generally called, the easement (*q.v.*) to light, has been acquired, any interference with the same is actionable. A notice containing the words "ancient lights" is frequently hung up on the walls of certain buildings. This is a warning to all neighbouring people that in the place where the notice is affixed there was formerly a window which had gained the prescriptive right, and that no other builder must interfere, by building or otherwise, so as to prevent the former amount of light being enjoyed if the owner desires to rebuild. The amount of light in the case of such a notice is only that which was enjoyed by the former window. The owner cannot gain a prescriptive title to a greater amount of light by building a new window much larger than the former one.

What is the extent of the light to which an owner who has gained a prescriptive title is entitled has been a very vexed question. Without entering into any lengthy details, it may be stated that the result of the case in the House of Lords, to which reference has been made, seems to be as follows: Any person who is the owner of

what are known as ancient lights is not entitled, merely as a matter of course, to the same amount of light which his premises enjoyed before any interference took place by means of adjacent buildings being erected, and the right gained by a prescriptive title of twenty years does not extend of necessity to the total amount of light that has been enjoyed during the preceding period of twenty years. The whole of the circumstances of the case and the particular position of the property must be taken into consideration. The right to light cannot, of course, be the same on the borders of a great town as in the open country. If an owner has an amount of light necessary for the ordinary enjoyment of his property, and if there is no obstruction which constitutes a nuisance, there is no right on the part of the court to grant an injunction (*q.v.*) to prevent a builder from erecting his building, no matter how objectionable it may be to the owner of the ancient lights.

The enjoyment of light, in order that an easement may be claimed, must be of a continuous nature. Thus, the occupier of a house or workshop who, when the weather permits it, opens an ordinary doorway for the purpose of admitting additional light to his house or workshop, cannot claim a prescriptive right to light through the doorway under the Prescription Act, 1832.

The right to ancient lights cannot be acquired over Crown lands, as the statutes of prescription do not bind the Crown.

The right to light, or rather the easement of light, may be lost by bricking up a window for a period of twenty years, or by a closing up for a shorter period if it is clear that there is an intention to abandon the claim to the right. Of course, the right may always be lost by express agreement.

The remedy of an aggrieved person is an action for an injunction (*q.v.*), and in certain cases the court will grant a mandatory injunction, by which a person who is building so as to obstruct the ancient lights will be compelled to pull down any building or portion of a building which he has wrongfully erected. As in every other case where a remedy by injunction is sought, the party aggrieved must act with expedition. Delay may be fatal.

It appears that a person who fears an infringement of his rights may, upon showing good cause, entertain a *quia timet* action when his ancient lights are threatened, which will serve as a warning to a proposed infringer if the latter proceeds with his building operations.

ANCIENT MONUMENTS. (See MONUMENTS.)

ANDORRA.—This is a small republic situated in the Pyrenees. Its area is about 175 square miles, and its population 5,500. It is under the joint suzerainty of France and Spain. It is governed by a council of twenty-four, elected under a limited franchise, and there are a judge and two lay vicars, the latter being appointed in turn by France and the Spanish Bishop of Urgel. Its commercial importance is practically nil.

AND REDUCED. (See LIMITED AND REDUCED.)

ANGORA.—The trade name of a breed of goats, so-called from the city of Asia Minor which originally produced them. These goats have long, silky, curling hair, generally known as mohair (*q.v.*). In Turkey the finest garments are made of Angora wool. Elsewhere it is chiefly used for trimmings, braids, and shawls. The chief seats of manufacture in England are Norwich and Bradford. The Angora goat, once peculiar to Asia Minor, has been

introduced into the United States, South Africa and Australia for the sake of its wool. Britain's supplies come mainly from the two last-mentioned sources.

ANGOSTURA BARK.—Also called *Cusparia Bark*. It is obtained from the *Galipea cusparia*, a native of tropical South America. It is named after the town in Venezuela, where it is still an important article of trade. It must not be confused with the false Angostura, which is a poisonous product supplied by *strychnos nux vomica*. It is a valuable tonic in dysentery, and is also useful as a febrifuge. Its virtues are due to a volatile oil and a bitter principle. In England its use is confined to the preparation of aperitive wines.

ANGOSTURA BITTERS.—An essence containing various aromatics, the principal being angostura, canella, cinchona, and lemon. Much is sold that contains no angostura at all. Originally prepared at Angostura, in Venezuela, it is now chiefly produced at Port of Spain, in Trinidad.

ANILINE.—Though discovered in 1826, aniline was of no commercial importance until its properties in the production of the aniline colours became known. It was prepared originally from indigo, but is now obtained from coal tar, which, upon distillation, produces benzene. When benzene is treated with strong nitric acid, nitro-benzene is formed, and this, when mixed with acetic acid and iron filings, yields acetate of aniline. Aniline may also be produced by passing a mixture of benzene and ammonia through a hot tube.

Aniline is an oily liquid, colourless when pure, but darkening rapidly on exposure to the air. Its chemical symbol is $C_6H_5NH_2$. Specific gravity, 1.02. Boiling point, 182° C. Its odour is strong and of an ammoniac character, and its taste is weak and aromatic. Though not very soluble in water, it dissolves readily in alcohol and ether. Owing to its poisonous character, great care is required in its use. Even inhalation is harmful, and absorption through the skin produces collapse.

When aniline is treated with chloride of lime, a beautiful violet colour is produced. This was the first of the aniline dyes, which have now superseded all others. By degrees, all other colours were obtained, and these dyes are now noted for their diversity of colour and shade, as well as for their brilliancy, cheapness, and the ease with which they can be fixed. There is no need of a mordant in the case of silk and woollen materials, simple immersion in a solution of aniline being sufficient, but vegetable tissues require a previous preparation. The trade has increased rapidly, but it frequently happens that so-called "aniline dyes" are not prepared from aniline at all. Owing to her energy and to the fact that the most skilful chemists were engaged in her factories, Germany had almost a monopoly in the manufacture of these colours prior to 1914, although she was later in the field than England and France. Great advances have been made in the last few years in the production of aniline dyes in England, and it appears likely that the assistance of the Government will render the industry one of the utmost importance for this country.

ANIMALS (under Particular Laws).—1. **Contagious Diseases of Animals.** The Board of Agriculture (see BOARD OF AGRICULTURE AND FISHERIES) controls the local authorities who administer the Diseases of Animals Acts, 1894 to 1914, relating to contagious diseases in animals.

and the exportation of diseased horses. By these Acts, every person who has in his possession or under his charge an animal affected with disease must, as far as practicable, keep it separate from sound animals. He must also, as soon as he can, give notice to the police of his area. The police must then give notice to the person or authority as directed by a general order of the Board. Animals mean cattle, sheep, and goats, and all other ruminating animals and swine, and cattle means bulls, cows, oxen, heifers, and calves. Disease is cattle plague or rinderpest, contagious pleuro-pneumonia of cattle, known as pleuro-pneumonia, foot-and-mouth disease, sheep-pox, sheep-scab, swine fever, otherwise known as typhoid fever of swine, soldier purples, red disease, hog cholera or swine plague. Other diseases and other animals may be added by order of the Board, and this has been done with great frequency. The question of the administration of these Acts has become an important part of the duties of local authorities.

Under the direction of the Board, every local authority must appoint inspectors and veterinary inspectors to carry out the various statutory provisions. An inspector must make a declaration if cattle plague appears in any cow shed, field, or other place, and serve a notice on the occupier. He may also serve a notice on other occupiers within a mile in any direction from the infected place, and all the places where the occupiers receive this notice become part of the place infected. The Board has large powers of declaring any place to be infected, and of declaring any area to be an area infected. All animals with cattle plague are to be slaughtered by order of the Board, as well as those that have been in contact with them, and the Board may cause suspected animals to be slaughtered. Compensation is payable on terms prescribed in the Act. There are similar provisions in regard to pleuro-pneumonia or foot-and-mouth disease, and swine fever, both as to infected places and areas, and for slaughter and compensation. Movement of cattle into, within, or out of a place or area infected with pleuro-pneumonia or foot and mouth disease is prohibited, except as laid down in schedules to the Act.

Provision of Water and Food by Railway Companies. The Act of 1894, which is the principal statute, also imposes on railway companies the duty of providing water and food at prescribed stations for animals carried, and supplying them at the request of the consignor or person in charge, and if such request is not made and the animals are without water for twenty-four consecutive hours, the consignor and person in charge are each guilty of an offence, and liable to penalties imposed by the Act. The companies may charge the consignor and consignee with the expenses and add them to their travelling charges, and they have also a lien on the animals.

Foreign Animals. The Board may make orders prohibiting the importation of foreign animals from any specified country, so as to prevent the introduction of disease. All foreign animals must be slaughtered at the port of landing, and only landed at a part called the foreign animals' wharf, and they are not to be moved alive out of the wharf. When they are intended for exhibition or other exceptional purposes, they may be landed, but only at a foreign animals' quarantine station, and they

are only allowed to be moved under prescribed conditions. If they are ordered to be slaughtered, they come under the compensation rules. Animals from the Channel Islands or the Isle of Man are regarded as foreign, but the Board may vary the general provisions as to slaughter or quarantine.

The cost of executing the Act and paying compensation in Great Britain is met by the Board out of a cattle pleuro-pneumonia account kept at the Bank of England, into which money voted by Parliament, not exceeding £140,000 in any one year, is paid. If the account is insufficient in any financial year, the deficiency is made up in a proportion out of the local taxation accounts of England and Scotland on the certificate of the Board. The expenses of local authorities are defrayed out of the local rate.

2 Animals and Public Health. (a) By the Public Health Act, 1875 (38 and 39 Vict. c. 55), an urban sanitary authority may make by-laws for (amongst other things) regulating the keeping of animals on any premises, so as to prevent their being injurious to health. The keeping of any swine or pig-stye in any dwelling-house in an urban district is also absolutely prohibited, and they must not be kept anywhere in such district so as to be a nuisance to any person, a fine not exceeding 40s. and not exceeding 5s. per day for a continuing offence, being imposed. A difference must be noticed between urban and local authorities. A rural authority can only make by-laws regulating the keeping of animals, if the Local Government Board has invested it with the urban powers; and while an urban authority's by-law prohibiting pig-styes within a 100 ft. of a dwelling-house was held reasonable, a rural authority's by-law laying down 50 ft. was held unreasonable and not lawfully made; but apart from the special provisions of the Public Health Act, whether in town or country, no animal may be so kept as to be a nuisance at common law (see NUISANCE), and keeping swine in a city is a nuisance in itself at common law.

(b) *Dairies, Cowsheds, and Milkshops.* For the country, the Board—for London, the Local Government Board—makes general or special orders relating to the registration—with the local authority, or, in London, with the metropolitan borough councils—of all persons carrying on the trade of cow-keepers, dairymen, or purveyors of milk, inspection of cattle in dairies, and regulating the lighting, ventilation, cleansing, drainage, and water supply of dairies and cowsheds occupied by cow-keepers or dairymen, the cleanliness of milk stores, milkshops, and of milk vessels, precautions for protecting milk against infection or contamination, and for authorising the local authority or London County Council to make regulations for these purposes (see the Orders of 1885 and 1899 for the guidance of these authorities). A farmer keeping cows in his sheds as incidental to his business, or occasionally supplying his neighbours with milk when they request it, is not a cow-keeper or dairymen requiring a licence.

3 Cruelty to Animals. The first enactment against cruelty to animals in general was in 1849, and related only to domestic animals; but to all such, whether quadrupeds or not (12 and 13 Vict. c. 92). It did not protect wild animals reclaimed or kept in captivity, such as wild birds caged or wild rabbits kept for coursing. This was remedied in 1900 by the Wild Animals in Captivity Protection Act (63 and 64 Vict. c. 33), but there were exempted any act done or any omission in the course of

preparing any animal to be killed for human food; experiments performed by certain persons under the Act regulating vivisection (Cruelty to Animals Act, 1876 (39 and 40 Vict. c. 76)); and hunting and coursing, unless the animal was liberated after being mutilated or injured to facilitate its capture or destruction.

Though suffering may be inflicted on domestic animals, as in breaking horses, where the object is the substantial increase of their service to man or some really useful purpose, there must be no unnecessary cruelty, and such acts as dubbing cocks' combs for exhibition purposes and dishorning cattle have been held to constitute cruelty.

If a person is charged with cruelty it is not necessary to show that he intended to be cruel, if the act was cruel, but he need not personally inflict the cruelty, if it is shown that he caused or permitted it. For this purpose he must really know of it, although his position may apparently make him responsible, as if, for instance, he is the owner or it is his duty as a manager to see that horses are fit to be worked. He must be aware of the actual act of cruelty being committed, in order that a conviction may be secured against him, and there must be something more than omission, as not killing an injured animal, or neglecting to give food. But there are many instances in which the line is difficult to draw. Not milking cows and not feeding a horse while standing in a cab have been held cruelty, and in one case while not slaughtering a diseased animal was held no offence, turning it out to graze was, as though the owner had tortured it with his own hand. Such acts of omission do, however, come within the Wild Animals in Captivity Protection Act.

The principal of the Acts relating to cruelty to animals were repealed, and these provisions in an amended or extended form were re-enacted in the Protection of Animals Act, 1911. In its first section this Act lays down very clearly what are the acts of cruelty or ill-usage for which a person may be liable; and these include not only deeds of positive cruelty in the ordinary sense, but also such acts as poisoning, administering drugs, etc., and also acts of omission which are found in the ordinary course of things to inflict pain or suffering. For full information upon this subject the statute itself must be consulted, as its provisions are too extended to be reproduced here.

In addition to the fines or imprisonment, or imprisonment without an optional fine, for offences of cruelty, orders may be made on offenders to pay compensation for the injury to property, and, where this compensation is not awarded, a civil action may be brought. If the fine or compensation is not paid, the offender may be imprisoned for not more than two months. Constables may arrest without warrant for offences they personally see committed on domestic animals; or upon the information of any person who gives name and address. They may detain animals or vehicles, and retain them as security for the penalty, and a justice may order them to be sold. Half the penalty goes to the rates, the other half to the prosecutor or other person as the magistrate orders. The proprietor of any public vehicle, when the driver or conductor is charged with an offence, or when the driver of any vehicle is charged, may be summoned to produce such employee, and, if he fails, the same penalties may be imposed on him, except he may recover them from the servant.

4. Injuries to Animals as Property. The ordinary domestic animals, being property like other goods, come under the ordinary law, civil and criminal. Such domestic animals as dogs and cats, however, that are not used for food, cannot, according to the common law, be stolen, but these animals, thus outside the common law of larceny, if ordinarily kept confined for domestic purposes, are by statute (Larceny Act, 1916, 6 and 7 Geo. V, c. 50) made the subject of larceny (*qv*). Imprisonment and hard labour for a period not exceeding six months may be inflicted after summary conviction; and the receiver of a stolen animal, or of its skin or plumage, who knows it has been stolen, is liable to the same penalties. To the stealing of cattle (see CATTLE for definition) has been affixed the special punishment of penal servitude not exceeding fourteen years or two years' imprisonment with hard labour. Killing or wounding cattle is also awarded the same punishment, and in the case of other animals, six months or less on summary conviction (*qv*) by magistrates. To kill, wound, or take any house-pigeon, where it would not be larceny, as it would be if it was in the cote, is punishable by a fine of £2 above the value of the bird, but a farmer may lawfully shoot pigeons feeding on his land, and, similarly, rat traps may be set on one's land to catch trespassing cats and dogs. The killing or wounding is not unlawful when a man is actually protecting his property and he does no more than is necessary.

Any person, other than the owner, or someone acting with his authority, who administers injurious drugs or causes them to be administered to any horse, cattle, or other domestic animal, is liable to a fine not exceeding £5, or imprisonment under the Drugging of Animals Act, 1876, now repealed and re-enacted by the Protection of Animals Act, 1911. The object was to check a practice prevalent, for various reasons, amongst grooms, coachmen, and other persons in charge of horses.

The Injured Animals Act, 1907 (7 Edw. VII, c. 5), enabled a police constable, who found an animal so diseased or severely injured that it could not, without cruelty, be removed, to have the animal slaughtered in the absence or without the consent of the owner. The expenses may be recovered from the owner, or may be charged on the police fund. The animals included are practically cattle.

This Act also was repealed and its provisions re-enacted by the Protection of Animals Act, 1911.

5. Injuries by Animals (see CATTLE). Non-domestic animals must be kept, at the owner's peril, from doing injury to the person or property of others. Their nature is known, and negligence does not come into question, nor can the owner say, as he can in the case of domestic animals, that he did not know they were of a temper to do mischief; but a person must not by capricious interference with the animal bring the injury on himself. Horses and dogs, and cattle generally, are not by their nature necessarily dangerous to man or other animals, and if without the owner knowing of any latent viciousness they break out and do injury, he is not liable, he having no reason to believe that they were of a dangerous character. If it is a dog that has bitten a human being, it must be shown that the dog had, to the owner's knowledge, bitten or attempted to bite some person before, or had shown a peculiarly vicious tendency; and it is not sufficient to show that it had to the owner's knowledge attacked and bitten some other animal, as, a goat (*Osborne v. Chocquet*, 1896,

2 Q.B. 109.) The case of injuries by dogs to cattle and other animals is governed by special legislation. (See Dogs.)

ANIME.—A resin, obtained principally from the *Hymenoclea mossambicensis*. It is imported into Great Britain from Zanzibar, and is sometimes known as African copal. Another kind of anime is obtained from the West Indian locust-tree. It is yellow in colour and transparent, and yields a pleasant odour when heated. Its chief use is for varnishing.

ANISEED.—Really Anise fruit, being the aromatic fruit of the anise, a plant of Southern Europe. It contains an essential oil which is used for flavouring cordials and medicine, and in the preparation of certain kinds of liqueurs. Aniseed is obtained from Russia, Egypt, and Germany, but the best comes from Alicante, in Spain. A preparation of anise oil and water is much used in Italy as a cooling drink.

ANISEED, STAR.—The fruit of the *Illicium anisatum*, an evergreen tree resembling the laurel. It is held in high esteem in China and Japan, where it is indigenous. Great Britain's supplies come mainly from China and Singapore. The fruit is star-shaped, as its name implies, and being similar in flavour to aniseed, is valuable as a spice.

ANISETTE.—A cordial very much like the Russian Kummel, and made from the seeds of the anise. It is imported chiefly from Bordeaux and Amsterdam.

ANKER. This is a liquid measure, once in use in England, but now obsolete. It is still met with in Denmark, Germany, and Russia. It is equal to between 8 and 9 English gallons. The old Scotch measure known by this name was double the English capacity.

ANNA.—(See FOREIGN MONIES: INDIA.)

ANNATTO.—Also known as Annatto, Roncor, and Orleana. It is the fine yellowish-red colouring matter obtained from the seeds of the *Bixa orellana*, an evergreen tree which grows in Guiana and other tropical parts of South America. It readily dissolves in alcohol. It is much employed for colouring cheese, cream, etc., and, being tasteless and harmless, is in great demand in all the dairy districts of the United Kingdom and America. Annatto is also used for dyeing cloth, but cannot be recommended in this capacity, as its colour is fugitive. It gives a bright colour to varnishes and lacquers.

ANNE.—(See FOREIGN WEIGHTS AND MEASURES: BELGIUM.)

ANNUAL GENERAL MEETING.—Every company registered under the Companies Acts, 1908 to 1917, is required by Section 64 of the 1908 Act to hold at least once in every calendar year a general meeting of its shareholders. This means that a meeting must be held between every January 1st and December 31st, but the Act specifies that it must be held not more than fifteen months after the holding of the last preceding general meeting. If a general meeting be held on March 1st in one year, the next meeting must take place on or before June 1st in the succeeding year.

It is also provided that if a meeting is not held within the prescribed time, the court may, on the application of any member of the company, call or direct the calling of a general meeting of the company.

The penalty for not complying with the Section

is that every director, manager, secretary, and other officer of the company who is knowingly a party to the default, renders himself liable to a fine not exceeding £50.

Any description of general meeting of the members will satisfy Section 64, i.e., it may be ordinary, or extraordinary, even the holding of the Statutory meeting will suffice, since that constitutes a general meeting.

Section 26 of the 1908 Act, however, makes the holding of an *ordinary* general meeting at least once in each year compulsory for every company having a share capital, by stipulating that a list (known as the Annual Return and Summary) shall be filed of all persons who on the fourteenth day after the first or only *ordinary* general meeting in the year are members of the company. An *ordinary* general meeting must, therefore, be held not later than December 17th in each year and although the Statutory meeting may have already taken place in the same year, the obligation to hold an *ordinary* meeting will, strictly speaking, still exist, for the term "Statutory Meeting" is clearly defined in the Act, and it cannot, therefore, be considered as an *ordinary* general meeting within the meaning of Section 26.

The Articles of many companies mention the approximate date when the annual general meeting is to be held.

The model set of articles, known as Table A, Clause 46, for example, says: "A general meeting shall be held once in every year at such time (not being more than fifteen months after the holding of the last preceding meeting) and place as may be prescribed by the company in general meeting, or, in default, at such time in the month following that in which the anniversary of the company's incorporation occurs, and at such place as the directors shall appoint. In default of a general meeting being so held, a general meeting shall be held in the month next following, and may be convened by any two members in the same manner as nearly as possible as that in which meetings are to be convened by the directors."

Where Table A does not apply and special Articles have been drawn up, it is usual to leave the fixing of the date entirely in the hands of the directors.

Under normal circumstances, a company does not appear "in general meeting" more than once a year, and there are many possible contingencies which may make it undesirable to fix the date of the meeting a year in advance, as is suggested by the first part of Clause 46 mentioned above; for instance, something unforeseen may arise to delay the preparation of the accounts, or it may be very desirable to conclude some important negotiations before holding the meeting, so that shareholders may be informed thereof.

If the date has been fixed by the company months previously, there will most likely be nothing for it but to hold the meeting and adjourn it to some future date, whereas if the power has been left with the directors they can call the meeting for the most convenient date, subject, of course, to the Statutory limitations, and probably obviate the necessity for an adjourned meeting.

Equally it may be found desirable to hold the meeting earlier than was at one time anticipated, and the discretionary power of the directors will, in like manner, be most valuable.

It should be arranged that the annual meeting takes place as soon after the close of the company's

financial year as possible. The period which must elapse will naturally vary according to the character of the undertaking and to the magnitude of its transactions. The auditors have to do their work, and it may easily be several months before the balance sheet and accounts, and report of the directors, are ready to be placed before the shareholders.

Those attending the meeting naturally like to have before them accounts showing as nearly as possible the financial position of the company to date. The Board of a well-conducted company will arrange to hold the meeting long before the accounts get stale, as shareholders are inclined to assume that the directors are keeping something back when they are asked to discuss a balance sheet dated, perhaps, six months prior to the meeting.

Clauses 106 and 107 of Table A make it obligatory on the directors to place before the company in general meeting a profit and loss account and balance sheet, *made up to a date not more than six months before such meeting.*

The meeting referred to as the "Annual Meeting" is in practically every instance an ordinary meeting, the convening notice usually referring to it as "The First Annual Ordinary General Meeting," the number being, of course, altered to second, third, etc., for each succeeding year.

The business which it is customary to transact at such meetings will be found in Table A, Clause 50, where the ordinary business of a company is given as follows—

- (1) Sanctioning a dividend.
- (2) The consideration of the accounts, balance sheets, and the ordinary reports of the directors and auditors.
- (3) The election of the directors and other officers.
- (4) The fixing of the remuneration of the auditors.

ANNUAL REPORT AND ACCOUNTS.—The following observations apply to the annual report and accounts of joint stock companies. The company's articles of association usually deal with the preparation of these statements, and articles 106 and 107 of Table A (*qv*) provide for a profit and loss account, and balance sheet, together with a report of the directors as to the state of the company's affairs, being made out in every year and laid before the shareholders in general meeting. Article 108 provides for forwarding of copies of the balance sheet and report to all persons entitled to receive notices of general meetings. When no provision is made for forwarding copies, any shareholder may (under Section 113 s.s. 3 of the Companies Act, 1908) obtain a copy of the balance sheet and auditors' report on payment of a charge of not more than sixpence for every hundred words.

Directors' reports generally take lines similar to the following—

1. Introduction, with expressions of pleasure or regret on account of the general results of trading.
2. Prospects of the company.
3. Extension of the company's business or business premises, new departments, amalgamation with or absorption of other companies.
4. Increase or decrease of capital, debenture issues, etc.
5. Directorate and staff charges.
6. Auditors and their report.
7. Proposals with regard to profits—dividends, reserves, etc.
8. Details of the accounts.

With the annual report, it is usual for summaries

of the profit and loss account and balance sheet to be issued. Such summaries satisfy the requirements of the articles of association of most companies, but shareholders generally prefer to be given details as to the sources of profit or how loss has been sustained.

The following are important provisions of the Companies (Consolidation) Act, 1908, regarding annual reports and accounts—

Sec. 113. "The balance sheet shall be signed, on behalf of the board, by two of the directors of the company, or, if there is only one director, by that director, and the auditor's report shall be attached to the balance sheet, or there shall be inserted at the foot of the balance sheet a reference to the report, and the report shall be read before the company in general meeting, and shall be open to inspection by any shareholder."

"Any shareholder shall be entitled to be furnished with a copy of the balance sheet and auditors' report at a charge not exceeding 6d. for every hundred words."

"If any copy of a balance sheet, which has not been signed as required by this Section, is issued, circulated, or published, or if any copy of a balance sheet is issued, circulated, or published without either having a copy of the auditor's report attached thereto, or containing such reference to that report as is required by this Section, the company and every director, manager, secretary, or other officer of the company who is knowingly a party to the default, shall, on conviction, be liable to a fine not exceeding £50."

Table A says—

"Article 106. Once at least in every year the directors shall lay before the company in general meeting a profit and loss account for the period since the preceding account, or (in the case of the first account) since the incorporation of the company, made up to a date not more than six months before such meeting."

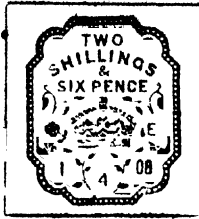
"Article 107. A balance sheet shall be made out in every year and laid before the company in general meeting, made up to a date not more than six months before such meeting. The balance sheet shall be accompanied by a report of the directors as to the state of the company's affairs, and the amount which they recommend to be paid by way of dividend, and the amount (if any) which they propose to carry to a reserve fund."

"Article 108. A copy of the balance sheet and report shall, seven days previously to the meeting, be sent to the persons entitled to receive notices of general meetings, in the manner in which notices are to be given hereunder."

In the case of public companies, a statement in the form of a balance sheet is to be sent with the annual return and summary.

Section 20 (s.s. 3) gives it as "a statement in the form of a balance sheet," audited by the company's auditors, and containing a summary of its share capital, its liabilities, and its assets, giving such particulars as will disclose the general nature of those liabilities and assets, and how the values of the fixed assets have been arrived at; but the balance sheet need not include a statement of profit and loss. Under this provision, a distinction has to be made between "fixed" and "floating" assets, and goodwill is to be specified separately. (See ANNUAL RETURN AND SUMMARY.)

This Indenture made the *fourteenth*



day of *September* 19... BETWEEN JAMES BROWN AND SONS LIMITED of the Eagle Works Barton in the County of Blankshire (hereinafter called "the Employers") of the first part *Samuel Smith* of *97 Victoria Road Barton*...

(aged *14* years) (hereinafter called "the Apprentice")

of the second part and *James Smith* of *97 Victoria Road Barton* the parent or guardian of the apprentice

(hereinafter called "the Guardian") of the third part WITNESSETH that the Apprentice of his own free will and with the consent of the Guardian HEREBY BINDS himself apprentice to the Employers to learn the art of a *Compositor* from this date for a term of *Seven* years computed from the *14th* day of *September* One thousand nine hundred and ... And the Apprentice and also the Guardian as surety for the Apprentice HEREBY JOINTLY AND SEVERALLY COVENANT with the Employers as follows:—

- 1 That the Apprentice will during the said term faithfully honestly and diligently serve the Employers and diligently attend to the said trade or business at all times The Company's secrets keep and their or their representatives' lawful commands willingly obey And shall not absent himself from their service during the usual working hours without their consent Nor do or willingly suffer any damage to be done to the goods of the Company.
2. That the Apprentice will duly and punctually attend at the Eagle Works or the Employers' place of business between the hours of 8 a.m. and 1 p.m. and 2 p.m. and 6.30 p.m. of each week day and 8 a.m. and 1 p.m. on Saturdays or during the regular working hours for the time being.
- 3 That the Apprentice will attend and diligently work at the Barton Technical School or elsewhere in Barton between the hours of 10 a.m. and 10 p.m. but so that the total hours of work and instruction shall not exceed fifty-four per week The cost of such instruction to be paid by the Employers.
- 4 That if and whenever the Apprentice is absent from his work from any cause the wages for the time lost shall be deducted from his weekly wages and that if the Apprentice shall be guilty of gross misconduct by repeatedly disobeying the commands of the Employers or their representatives embezzle or make away with any of the goods or effects which may be entrusted to his care or in case of the breach or non-performance of any of the covenants or agreements herein

contained on the part of the Apprentice the Employers may forthwith discharge the Apprentice and cancel this Indenture whereupon the weekly wages shall immediately cease and be no longer payable and this Indenture and every covenant clause and thing herein contained shall be void and absolutely determined.

And in consideration of such service the Employers HEREBY COVENANT with the Apprentice and also with the Guardian as follows —

1. That the Employers by their manager or assistants will during the said term according to the best of their power skill and knowledge teach and instruct or cause to be taught or instructed the Apprentice

2 That the Employers will pay to the Apprentice during the said term during such time as he shall be able to and actually perform his service weekly and every week

during the FIRST year of the term *Ten* shillings per week

during the SECOND year of the term *Eleven* shillings per week

during the THIRD year of the term *Fifteen* shillings per week

during the FOURTH year of the term *Nineteen* shillings per week

during the FIFTH year of the term *Twenty three* shillings per week

during the SIXTH year of the term *Twenty seven* shillings per week

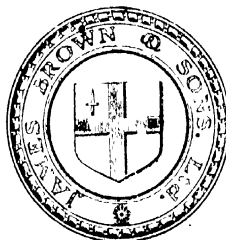
during the SEVENTH year of the term *Thirty* shillings per week

IN WITNESS the Employers have hereunto set their Common Seal and the Apprentice and the Guardian have hereunto set their hands and seals respectively the day and year first above written

The Common Seal of James Brown
and Sons Limited was hereunto affixed in
the presence of

James Brown

Governing Director



SIGNED SEALED AND DELIVERED

by the Apprentice in the presence of

Name *Fred. Johnson*

Address *44, Harcourt Road,
Barton*

SIGNED SEALED AND DELIVERED

by the Guardian in the presence of

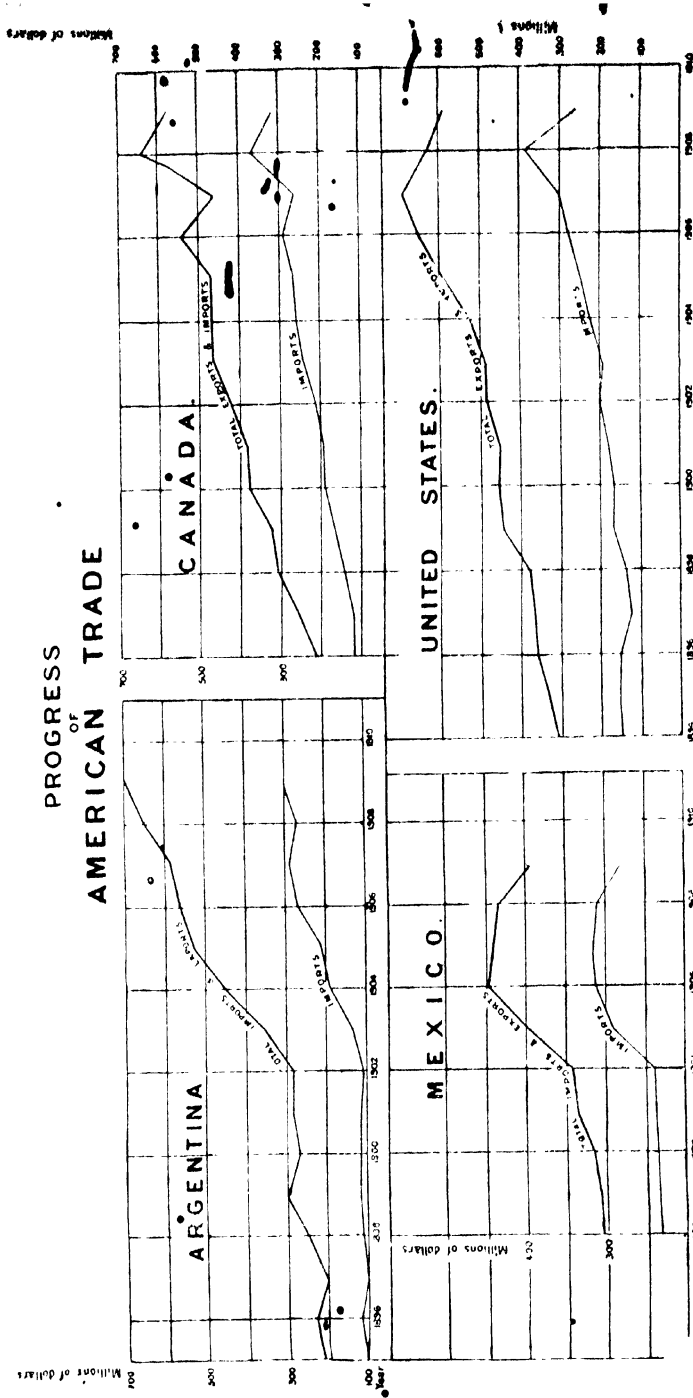
Name *Henry Green*

Address *26, Warwick Lane
Barton*

Samuel Smith

James Smith

PROGRESS OF AMERICAN TRADE



(Published by the courtesy of the Society of Railway Stockholders.)

Number of Certificate

"THE COMPANIES ACTS, 1908 to 1917."

FORM E

As required by Part II of the Companies (Consolidation) Act, 1908 (Section 26).

A
Companies'
Fee Stamp
of 5s. must
be impressed
here.

Summary of Share Capital and Shares

OF

LIMITED.

made up to the 24th day of June 19..
(Being the Fourteenth Day after the date of the First Ordinary General Meeting in 19..).

Nominal Share Capital, £125,000 divided into ¹	{ 15,000 Ordinary 10,000 Preference }	Shares of £ ¹	{ 5 5 }	each.
Total Number of Shares taken up ² to the 24th day of June 19..	..	..	15,000 Ordinary	
Which number must agree with the Total shown in the List as held by existing Members.	..	..	10,000 Preference	
Number of Shares issued subject to payment wholly in Cash	..	..	12,500 Ordinary	
Number of Shares issued as fully paid up otherwise than in Cash	..	..	10,000 Preference	
Number of Shares issued as fully paid up to the extent of .. per	..	..	2,500 Ordinary	
Share otherwise than in Cash	..	..	..	nil
³ There has been called up on each of 12,500 Ordinary Shares	..	..	£	5
" " " " 10,000 Preference "	..	..	£	5
⁴ Total Amount of Calls received, including Payments on Application and Allotment	..	..	£	112,500
Total Amount (if any) agreed to be considered as paid on 2,500 Ordinary Shares which have been issued as fully paid up otherwise than in Cash	..	..	£	12,500
Total Amount (if any) agreed to be considered as paid on .. Shares which have been issued as partly paid up to the extent of .. per	..	..	£	nil
Share	..	..	..	..
Total Amount of Calls unpaid	..	..	£	nil
Total Amount (if any) of sums paid by way of Commission in respect of Shares or Debentures or allowed by way of Discount since the date of last Summary	..	..	£	nil
Total Amount (if any) paid on .. Shares forfeited	..	..	£	nil
Total Amount of Shares and Stock for which Share Warrants to .. Shares	..	..	£	nil
Bearer are outstanding	..	..	£	nil
Total Amount of Share Warrants to Bearer issued and surren- { Issued	..	..	£	..
dered respectively since date of last Summary	..	..	£	..
Number of Shares or Amount of Stock comprised in { Number of Shares	..	..	£	..
each Share Warrant to Bearer	..	..	£	..
Total Amount of Debt due from the Company in respect of all Mortgages and Charges which are required (or, in the case of a Company registered in Scotland, which, if the Company had been registered in England, would be required) to be registered with the Registrar of Companies, or which would require registration if created after the First day of July, 1908	..	..	£	nil

NOTE.—Banking Companies must add a List of all their Places of Business.

¹ and ² Where there are Shares of different kinds or amounts (e.g., Preference and Ordinary, or £10 and £5), state the number and nominal values separately.

³ Where various amounts have been called, or there are Shares of different kinds, state them separately.

⁴ Include what has been received on forfeited as well as on existing Shares.

⁵ State the Aggregate Number of Shares forfeited (if any).

The Return must be signed at the End, by the Manager or Secretary of the Company.

Presented for filing by

STATEMENT in the form of a Balance Sheet made up to the 30th day of April 1900, containing the Particulars of the Capital, Liabilities, and Assets of the Company.

[illegible]

1 This Statement is not required to be supplied by a Company which is a "Private Company" within the meaning of Section 121 (1) of The Companies (Consolidation) Act, 1908.

Names, etc., of the Directors of _____ Limited,

on the _____ day of _____ June, _____ 19_____

The present Christian Name or Names and Surname	Any former Christian Name or Names or Surname	Nationality	Nationality of Origin (if other than the present Nationality)	Usual Residence.	Occupations.
Charles Slater	Karl Schmidt	British	Swiss	Alexandra Lodge, Charlton, Kent	Engineer
Frid Bucknall		British		Clevedon House, Harrow, Middlesex	
Frank Heywood		British		The Hollies, Barnsdale Road, Keswick	
Albert A. Dawson		British	U.S.A.	Wardale House, Barnet, N	Corn Factor
George Munroe		British		McKillop Villa, Priory Road, Eastbourne	

1 "Director" includes any person who occupies the position of a Director and any person in accordance with whose directions or instructions the Directors of a Company are accustomed to act.

2 Christian name includes any forename. In the case of a Peer or a person usually known by a British title different from his surname, the title by which he is known must be substituted for his surname.

3 In the case of natural-born British subjects, a former Christian name or surname should not be shown where that name or surname has been changed or disused before the person bearing the name had attained the age of eighteen years; and in the case of a married woman the name or surname by which she was known previous to the marriage should not be given.

List of Persons holding Shares in _____
on the 24th day of June, 19.., and of Persons who have held Shares therein
incorporation of the Company, showing their Names and Addresses, and an Account of the

Folio in Register Ledger containing Particulars.	NAMES, ADDRESSES, AND OCCUPATIONS.			
	SURNAME.	CHRISTIAN NAME.	ADDRESS.	OCCUPATION.
1	James	Peter	22 Union Walk, Newcastle-on-Tyne	Clerk.
2	Long	Thomas	19 Castle Stairs, Newark-on-Trent	Manufacturer.
3	Robinson	John	Imperial House, The Side, Stafford	Colliery Proprietor.
4	Short	William	22 Gallow Gate, Hull	Clerk.

¹ The Aggregate Number of Shares held, and not the Distinctive Numbers, must be stated, and the column must be added up throughout, so as to make one total to agree with that stated in the Summary to have been taken up.

² When the Shares are of different classes these columns may be subdivided, so that the number of each class held, or transferred, may be shown separately.

. Limited,

(State whether **Manager** or **Secretary**) *Secretary*

(1435) bet. pp. 88 and 89

ANNUAL RETURNS AND SUMMARY.—(See ANNUAL SUMMARY.)

ANNUAL STATEMENT.—(See ANNUAL SUMMARY.)

ANNUAL SUMMARY.—In order that the annual condition of a joint stock company with respect both to its members and its capital may be accurately known at any particular time, various of the Companies Acts have provided for the issue of an annual summary or statement of its affairs. All the old enactments are now contained in Section 26 of the Companies (Consolidation) Act, 1908, and this Section ought to be known by heart by every director, manager, and secretary of a company. It is drawn very concisely and clearly, and is given here in its entirety—

"26—(1) Every company having a share capital shall once at least in every year make a list of all persons who, on the fourteenth day after the first or only ordinary general meeting in the year, are members of the company, and of all persons who have ceased to be members since the date of the last return or (in the case of the first return) of the incorporation of the company.

"(2) The list must state the names, addresses, and occupations of all the past and present members therein mentioned, and the number of shares held by each of the existing members at the date of the return, specifying shares transferred since the date of the last return or (in the case of the first return) of the incorporation of the company by persons who are still members and have ceased to be members respectively, and must contain a summary distinguishing between shares issued for cash and shares issued as fully or partly paid up otherwise than in cash, and specifying the following particulars—

"(a) The amount of the share capital of the company, and the number of the shares into which it is divided ;

"(b) The number of shares taken from the commencement of the company up to the date of the return ;

"(c) The amount called up on each share ;

"(d) The total amount of calls received ;

"(e) The total amount of calls unpaid ;

"(f) The total amount of the sums (if any) paid by way of commission in respect of any shares or debentures, or allowed by way of discount in respect of any debentures, since the date of the last return ;

"(g) The total number of shares forfeited ;

"(h) The total amount of shares or stock for which share warrants are outstanding at the date of the return ;

"(i) The total amount of share warrants issued and surrendered respectively since the date of the last return ;

"(k) The number of shares or amount of stock comprised in each share warrant ;

"(l) The names and addresses of the persons who at the date of the return are the directors of the company, or occupy the position of directors, by whatever name called, and

"(m) The total amount of debt due from the company in respect of all mortgages and charges which are required (or, in the case of a company registered in Scotland, which, if the company had been registered in England,

would be required) to be registered with the registrar of companies under this Act, or which would have been required so to be registered if created after the first day of July, nineteen hundred and eight.

"(3) The summary must also (except where the company is a private company) include a statement, made up to such date as may be specified in the statement, in the form of a balance sheet, audited by the company's auditor, and containing a summary of its share capital, its liabilities, and its assets, giving such particulars as will disclose the general nature of those liabilities and assets, and how the values of the fixed assets have been arrived at, but the balance sheet need not include a statement of profit and loss.

"(4) The above list and summary must be contained in a separate part of the register of members, and must be completed within seven days after the fourteenth day aforesaid and the company must forthwith forward to the registrar of companies a copy signed by the manager or by the secretary of the company.

"(5) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding five pounds for every day during which the default continues, and every director and manager of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty."

The form of the summary is given in Form E of the third schedule of the Act of 1908, but this has had to be supplemented by reason of the Act of 1917 which made it essential that certain particulars as to directors should be disclosed (See DIRECTORS). The forms required are given as insets.

The annual statement must be filed with the registrar.

The summary which is to accompany the statement is not required in the case of a private company (*q.v.*).

The authorities have enforced penalties on many occasions for non-compliance with the Section ; and directors, especially of small companies where matters of this kind are liable to be treated as of little importance, should see that the obligations imposed by the Act are duly fulfilled, or, in the alternative, be prepared to take the consequences. In order to be able to make up the list, it is necessary that an ordinary general meeting shall be held once in each year. In the year of a company's incorporation, however, if no ordinary general meeting has been held, it can usually be arranged with the registrar for him to accept a list made up to a given date, say, December 31st. Failure to hold the meeting cannot be urged as a reason for not filing the returns, but there is no doubt that the return cannot be properly compiled unless an ordinary general meeting is held within the calendar year. The course mentioned above is not, therefore, recommended, although it seems to be practised to a considerable extent in the case of newly-formed companies. It may be mentioned that the statutory meeting cannot be considered as an "ordinary" general meeting for the purposes of this Section.

ANNUITANT.—A person in receipt of an annuity (*q.v.*).

ANNUITY.—An annuity is the right to the yearly

payment of a certain sum of money, which ends with the life of the donee, or after a limited period, or it may be granted in perpetuity. It may be either granted during life, or given by will by one person to another, in which latter case it is a general legacy, and will abate with the other legacies in case of an insufficiency of assets. Where an annuity charges only the person and personal representatives of the grantor, it is called a personal annuity; and so also if it is granted out of a charge upon personalty. An annuity properly so-called is personal property, and has nothing to do with land, but the term is applied also to a yearly sum payable out of land, with or without a clause of distress, and is then known as a real annuity or rent-charge. It is in that case an incorporeal hereditament, and as such may be granted, like real estate, for life, or in fee, or in tail. The words "rent-charge" and "annuity" are often used as interchangeable. The present article will deal with personal annuities only, and not with annuities charged on land (*q.v.*)

A personal annuity may be granted either perpetually or for life, or for a term of years. Where a perpetual annuity is granted to a person and his heirs, it is an annuity in fee, and would descend on intestacy to his heirs; but in spite of that a personal annuity is always personal estate, and a devise of real estate would not operate on it. A personal annuity to a person and his heirs would pass under a general bequest, and so would a personal annuity given to a man for ever.

A personal annuity cannot be entailed, for if it is given to A and the heirs of his body, it is not a tenement within the statute *De Donis Conditionalibus*, and the grantee would have only what is known as a fee simple conditional, with the result that if he should have issue he could assign the annuity; but if he dies without issue the annuity would fail.

When a person wishes to borrow and cannot offer any suitable security, he may find it convenient to have recourse to an annuity to raise a loan, in which case, instead of borrowing a certain sum for a number of years at a fixed rate of interest, he undertakes to pay an annuity of a fixed amount during his own life in lieu of paying back the principal sum with interest thereon. The lender is called the grantee, and the borrower is called the grantor of the annuity. Again, a person having a certain amount of capital, and wishing to get as large a yearly income as possible from it during his own life, and not desiring to benefit anyone by his will or on his intestacy, will part with his capital in return for an annuity. When a person wishes to purchase an annuity, the Government offers the safest security, but insurance companies and private individuals offer a higher rate of interest at, however, an increased degree of risk. An example is given of the approximate amount of annuity offered by insurance companies for every £100 paid—

Males.

Age 55	Age 60	Age 65	Age 70
£ s. d.	£ s. d.	£ s. d.	£ s. d.
7 12 8	8 17 0	10 10 4	12 16 2

Females.

Age 55	Age 60	Age 65	Age 70
£ s. d.	£ s. d.	£ s. d.	£ s. d.
6 18 8	7 17 10	9 6 2	11 7 8

Annuities are a species of personal property, consisting of mere rights unaccompanied by the possession of anything corporeal. Formerly they were considered mere *choses in action* (*q.v.*), and there was some doubt whether they were assignable; but now they are clearly so. They are an interest in equity rather than a *chose in action*.

One of the commonest kinds of annuities are consolidated bank annuities, usually called Consols. They are perpetual annuities granted by the Crown as interest for money lent to it for the purposes of the nation. The Crown may at any time pay back the loan and redeem the annuity. Thus, £100 2½ per cent consolidated stock is the perpetual right to receive £2 10s. a year, subject to the Government's right to redeem the annuity on payment of £100. What the actual value of the stock is depends on the state of the market; it is generally lower than the nominal price, which is called par.

An annuitant has the right to the value of the annuity, i.e., if a testator bequeaths a sum to a person to buy an annuity, the legatee is entitled to have the purchase money paid over to him where the annuity is in possession or reversion. The annuitant may, of course, die between the testator's death and the date fixed for the purchase of the annuity, but if he does, the annuity does not lapse, but passes to his personal representatives. A testator may state that the annuity is intended for the personal benefit and enjoyment of the annuitant, but this will make no difference, and the annuitant will still have the right to the capital value of the annuity. Even if a testator gives his trustees a discretion to apply the annuity for the annuitant's benefit under certain conditions, such as ill-health or incapacity, or directs that he is not to have the capital value of the annuity, but only the annuity itself, the annuitant will still be entitled to the value.

While a direction simply that the donee of an annuity is not to sell it, or that it shall not be subject to the laws of bankruptcy, is invalid, yet the grantor may direct that on the happening of a certain event, e.g., the grantee's bankruptcy, or an attempt to sell it, the annuity shall go over to someone else, or the grantee shall forfeit it, and such a direction may be effective, but the decisions on the subject are not easily reconcilable, though it has been held that in the case of an annuity to be bought from the Government in the name of the annuitant, such a direction as the above may be disregarded as inconsistent with the gift, and that the annuitant is entitled to the money. A distinction has also been drawn between a gift over to someone else and a mere forfeiture. In some cases where the court is administering an estate, and the assets are insufficient to pay the annuities and legacies in full, a value is set upon the annuity, and that value, subject to any necessary abatement, is handed over to the annuitant. In order to ascertain the value for the purpose of abatement, the instalments which have already fallen due must be added to the present value of future instalments.

The grantor of an annuity for life or a term of years cannot compel the grantee to allow him to redeem it, but the parties to the contract are competent to agree that the annuity shall be redeemable on certain terms.

An annuity is in some cases chargeable upon income only, in others upon both the income and the capital; and it is often difficult to construe the

intentions of the testator. If there is a simple bequest of an annuity, the annuity must be paid in full, however small the income of the testator's property may be; but the directions of the will as regards the payment of the annuity may show an intention on the testator's part that the annuity is only to be paid out of the yearly income of his estate, and not out of the capital. It may be taken as a general principle that if an annuity is given early to one for life and then to another, and the state proves deficient, then the tenant for life and the reversioner must each bear his proportionate share of the loss. Where, however, an annuity is given and there is also a bequest of the residue, the annuity is a charge upon the capital, even if there has been a direction to set aside a fund to pay the annuity, and in this case the residuary legatee suffers the entire loss. It may be noted here that a personal annuity, being a general legacy, is subject to the same rule of abatement as a general legacy, and so where the assets are insufficient, the annuitant is on the same footing as the general legatee, and they will both abate in proportion, and this rule applies equally as between annuitants themselves. For the purposes of abatement, the value of annuities must be calculated as at the time when the estimate is made.

As to the duration of an annuity, when an annuity is given by will, and the testator does not define how long it shall last, it will be, as a rule, an annuity for the life of the annuitant only, whether it is given to the annuitant in possession or reversion, and this will be the case even if the annuity is expressed to be given for the annuitant's maintenance and education, and will not cease when the annuitant comes of age, but the duration of annuities is always subject to the intention of the testator to be gathered from the will. Where an annuity is given to a trustee for his trouble, it will cease when his active work in connection with the trust determines. Where an annuity is given expressly for a defined period, it will continue during that period, e.g., an annuity to A during the joint lives of B and C will last till B or C dies, even if A dies before B or C, in which case it will pass to A's personal representatives during the joint lives of B and C.

As regards survivorship between annuitants, a few illustrations are given, e.g., an annuity to X and Y during their lives will go to them during their joint lives, and to the survivor afterwards for his life; but an annuity to X and Y to be equally divided between them during their lives will not pass to the survivor. Such a gift would be either an annuity during their joint lives only, or an annuity of half the amount to each for his own particular life. Where an annuity is to two persons as tenants in common during their lives and the life of the survivor, the survivor will take his share as long as he lives, but the share of the one who dies first will go to his personal representative during the life of the survivor, but in such case an intention to benefit the survivor might be inferred from the terms of the gift.

As to security for payment, an annuitant whose annuity is charged on the residue naturally wishes to have his rights secured as far as possible, but he is not entitled to have the residue invested for his benefit if he can otherwise be properly secured. He has the right to demand that a proper sum be appropriated to pay the annuity, but beyond that he cannot insist that the residue shall not be distributed.

No apportionment was formerly made of annuities which were settled in trust for one person for life, with remainder to another, but the latter had the right to receive the whole of the next annuity which became due after the death of the annuitant entitled for life. There were exceptions, however, in the case of an annuity granted for the maintenance of an infant, or of a married woman living apart from her husband. Since 1870, however, all annuities are considered as accruing from day to day, and are apportionable accordingly in respect of time, so that each person entitled now receives his proportionate share.

Annuities are affected by the Statutes of Limitation in the same way as other personal property. Where the annuity is merely secured by the personal liability of the grantor, the statutes will commence to run against each instalment of the annuity as it falls due, and the annuitant's right will be barred by non-payment for six years. Where an annuity is charged on personally, it is in the same position as a legacy, and where it is charged on both realty and personally, it will be barred by non-payment for twelve years.

Duty is payable upon the value of the annuitant calculated according to fixed tables given in the Succession Duty Act, 1853, and is payable in four equal annual instalments, which are due when the first four payments of the annuity are made. If the annuitant dies before the four instalments have accrued, the unpaid instalments cannot be recovered.

Where an annuity is charged on another legacy the same rule applies, except that the legatee pays the duty. Where there is a direction to buy an annuity of a certain amount, the duty is paid on the capital value ascertained by reference to the succession-duty tables of such an annuity; but when a testator gives a fixed sum to buy an annuity, the duty is payable on that sum.

An example of the values of an annuity of £100 per annum held on a single life is given below.

Years of Age of Annuitant		Values.		
		£	s.	d.
1	..	1,892	8	6
20	..	1,729	9	6
30	..	1,644	7	6
40	..	1,487	10	0
50	..	1,242	19	6
60	..	972	1	0
70	..	677	9	0
80	..	381	3	0
90	..	133	9	0

Examples of the values of an annuity of £100 per annum, held on the joint continuance of two lives—

Ages of the Elder Life	Ages of the Younger Life	Values of the Annuities		
		£	s.	d.
65	60	620	4	6
60	50	795	9	6
50	45	1,009	4	6
40	40	1,190	7	0
30	20	1,362	1	6
20	20	1,399	7	6

It may be noted that where a "clear" annuity is given by will, the annuitant will not be liable to pay the legacy duty, but the executor will be; but if there is a direction to invest a sum sufficient

to produce a clear annual sum, and pay the income thereof to the legatee, the annuity is liable, for the expression "clear" may have reference to the costs of the investment; nor does a bequest of an annuity "free from deductions" *prima facie* entitle the annuitant to throw the duty on the estate.

Where an annuity is bequeathed by will, it commences from the day of the testator's death, and the first payment is ordinarily made at the end of a year after the death, from which date interest, where allowed, on arrears would run. But a testator may direct that it shall commence, *e.g.*, at the first quarter day after his death, or that it shall be paid monthly, in which case the money will be due at the first quarter day or at the end of the first month respectively, but it will not be payable till the end of the year. In ordinary cases, arrears of an annuity do not carry interest. It may be noted that an annuity takes precedence over a residuary gift, and that in ordinary cases it has no preference over general legacies in respect of abatement, also that an annuitant whose annuity is not in arrear is not a creditor, and is not entitled to apply for administration of the deceased's estate, even where the assets are insufficient to discharge the estimated value of the annuity, in addition to the other debts and liabilities. (See ANNUITY CHARGED ON LAND, LEGACY.)

ANNUITY CHARGED ON LAND, or RENT-CHARGE.—A rent-charge is a certain profit issuing annually out of lands and tenements corporeal, and is one out of several kinds of rent. It arises where the owner of the charge has no future interest or reversion in the land, but derives his rent by virtue of some reservation (generally created by a limitation to uses), by which also a power of distress is reserved if the rent is not duly paid. The land is liable to the distress, not of common right, but by virtue of the clause in the deed, and, therefore, it is called a rent-charge, because in this manner the land is charged with a distress for the payment of it. If no right of distress is reserved, the rent is known as a rent seck; but by an Act of George II arrears of a rent seck may be distrained for, and such a rent is now a rent-charge. Small rent-charges were often granted before 1834 for the purpose of qualifying the grantee for a parliamentary vote, but this kind of qualification is no longer in force.

A rent-charge may be created by grant, either by will or *inter vivos*, and may be limited for any estate, *e.g.*, estate for life, or in fee simple. If the charge is created *inter vivos*, it must be by deed, for a rent-charge being a separate incorporeal hereditament cannot be created in any other way, except by will. By the Conveyancing Act, 1881 (Sec. 44), certain remedies are provided for the recovery of rent-charges and other annual sums charged on land, which are not rent incident to a reversion. The section of the Act applies only if and as far as a contrary intention is not expressed in the instrument under which the annual sum arises, and has effect only subject to the terms and provisions of the instrument; the remedies provided are without prejudice to all estates, interests, and rights having priority to the annual sum. The remedies provided by the section are as follows—

(1) If at any time the annual sum or any part thereof is unpaid for twenty-one days after the day of payment, distress may be levied, with power to dispose of any distress found, so as to pay the annual sum, arrears, and costs, and expenses occasioned by non-payment.

(2) If payment is in arrear for forty days, re-entry may be made, even if no formal legal demand has been made, together with power to take and remain in possession without impeachment of waste, and take the income till payment thereby or otherwise of the annual sum, arrears, and costs and expenses occasioned by non-payment.

(3) In the like case, the person entitled, whether he takes possession or not, may demise by deed the land charged, or any part thereof, to a trustee for a term of years, with or without impeachment of waste, in order to raise by sale, mortgage, or otherwise money to pay the annual sum, arrears thereof due, and to become due, the costs occasioned by the non-payment, and the costs of executing the costs of the deed; and the surplus (if any) of the money raised, or income received under the trusts of the deed, shall be paid to the person for the time being entitled to the land in reversion expectant on the term.

The remedies given by the section are cumulative and not substitutionary, and a sale or mortgage may also be directed by the court where the circumstances render it equitable. It is not now usual to insert the old powers of re-entry and distress in a rent-charge, but reliance is placed on the Act.

In settlements, rent-charges are often created under the Statute of Uses, 1536. The statute provides that where any persons shall stand seised of any lands, tenements, or hereditaments, in fee simple or otherwise, to the use and intent that some other person or persons shall leave yearly to them and their heirs, for years or some other special time, any annual rent, then the persons who have such use shall be deemed in possession of such rent. And so, if land is conveyed to the use that A shall have a rent-charge, the statute puts A in possession, while if the land is granted in fee simple to A to the use of B and his heirs to receive a rent-charge in trust for C and his heirs, the legal estate is vested in B, and C has an equitable rent-charge in fee.

The grantor of a rent-charge cannot limit an estate greater than that which he has himself in the land on which it is charged. Rent-charges for life are the most common.

Land, especially building land, is occasionally sold in consideration of a rent-charge reserved and payable to the seller. Covenants are usually inserted in the conveyance for payment of rent, and observing the building and other covenants. The rent is called a "fee-farm" rent, and may be recovered by distress, or re-entry, or as a debt against the owner. Rent-charges granted otherwise than by marriage settlement or will for a life, or any estate determined on a life, should be registered in the Land Charges Department of the offices of Land Registry, under the Land Charges Act, 1900.

A rent-charge was formerly regarded as entire and indivisible, unlike the ordinary rent which could be apportioned, and the law was that if any part of the land, out of which a rent-charge issued, was released from the charge by the owner of the rent, either expressly or by implication, all the rest of the land should also be released; but it is now enacted that the release from a rent-charge of part of the hereditaments shall not extinguish the whole rent-charge, but shall operate only to bar the right to recover any part of the rent-charge out of the hereditaments released. The Board of Agriculture may now apportion rents of every kind on the

application of any persons interested in the lands and rent.

Rent-charges may now be redeemed under the provisions of the Conveyancing Act, 1881.

As rent-charges are incorporeal hereditaments, they are hable to escheat to the Crown as the Intestates Estates Act, 1884, makes the law of escheat apply "to any estate or interest, whether legal or equitable in any incorporeal hereditaments, in the same manner as if the estate were a legal estate in corporeal hereditaments."

Rent-charges are affected by the Statutes of Limitations of 1833 and 1874. The period of limitation of arrears of rent is six years. It may be noted that the provisions of the Agricultural Holdings Act, 1883, curtail the landlord's right of distress, in cases where the Act applies, to rents due one year before the making of the distress.

Arrears of a rent-charge of the annual value of not more than £50 may be recovered in a county court.

A tithe rent-charge is a charge on land substituted by commutation for the tithe. The commutation was effected by the Tithe Act, 1836, and subsequent Acts (See ANNUITY).

ANNULLMENT OF ADJUDICATION.—(See ADJUDICATION ORDER.)

ANTEDATE.—This signifies to write a date upon a bill, cheque, promissory note, letter, or other document, earlier than that upon which it is actually signed.

A bill of exchange is not invalid by reason only that it is antedated. The date of the stamp upon an antedated bill may, therefore, be subsequent to the date of the bill, and give the bill the appearance of not being in accordance with the Stamp Act, 1891, which enacts that "No bill of exchange shall be stamped with an impressed stamp after the execution thereof."

ANTHRACENE.—A compound in the form of a white crystalline solid, which is obtained by the distillation of coal tar. It was first discovered in 1832. Its commercial value is very great, as it is the source of alizarine and similar colouring matters. Its chemical symbol is $C_{14}H_{10}$.

ANTHRACITE.—A species of stone coal, of the hardest and most dense kind, with a shining surface. It is not readily ignited, but, when burning, it gives out great heat, and is almost free from smoke, flame, and smell. Its combustion is comparatively slow, hence it is much used for steam fuel and in furnaces. It contains 90 per cent. of carbon.

This coal is worked largely in South Wales and in parts of Germany, France, and Russia, but the largest fields worked at present are in Pennsylvania. China is said to possess still vaster deposits.

ANTIFEBRIN.—A colourless crystalline solid, also known as Acetanilid. It is a modern product prepared from anilin, and is often used as a substitute for quinine. It has a pungent taste, and is readily soluble in alcohol. Its chemical symbol is $C_6H_5NHC_6H_5O$.

ANTIMONY.—A crystalline metal of a bluish-white colour. Its principal ore is stibnite or sulphide of antimony. It occurs in Germany, Hungary, France, America, Great Britain, and Borneo, but the greater part of the world's production has, up to the present, been smelted in England. Metallic antimony is extremely brittle, and is easily reduced to powder. It is chiefly valuable for its alloys, and when fused with most

metals increases their hardness. Type-metal and Britannia metal contain a considerable quantity of antimony. It is used in many compounds, several of which are valuable in medicine. One of the most important is tartar emetic, which is a deadly poison.

ANTIPYRIN.—A modern and formidable rival of quinine. It is mainly obtained from coal-tar products, and is a white, crystalline, inodorous powder with a slightly bitter taste, and soluble in water. Its chief value is as a febrifuge, and it is also used in neuralgia and kindred ailments. Its chemical symbol is $C_{11}H_{12}N_2O$.

ANTLERS.—The outgrowths from the frontal bones of the deer family. They possess the chemical properties of true bone, and in their function are similar to horns. Except in the case of the reindeer, antlers are restricted to the males. They are shed periodically, and vary in size from small points to huge structures, which form a formidable weapon of defence. Antlers are used in their natural state as ornaments.

ANZAC.—This word is made up of the initial letters of "Australia New Zealand Army Corps," and was coined about the time of the action of the Dominion forces at Gallipoli during the Great War. As it seemed likely that the word would be abused through wholesale usage, an Act of Parliament was passed in 1916, called the "Anzac" (Restriction or Trade Use of Word) Act, which prohibited its use in connection with any trade, business, calling, or profession without the authority of a Secretary of State, given at the request of the Government of the Commonwealth of Australia or the Dominion of New Zealand. The provision of the statute is retrospective.

APATITE.—A mineral mainly composed of native phosphate of lime mixed with chloride and fluoride of calcium. It is of a beautiful bluish-green colour and crystalline in form. Its chief use is for manuring land, both animal and vegetable life being dependent on the existence of apatite in the earth's crust. Since the decline in quality and quantity of Peruvian guano, the importance of apatite as a fertiliser has increased. Great Britain's supplies come mainly from Norway and North America, particularly from Canada, where there is a vein 3 ft. thick of pure sea-green apatite.

APOLLINARIS WATER.—A favourite alkaline water obtained from the Apollinaris spring in the valley of the Ahr, in the Rhine provinces, and discovered in 1851. It is largely impregnated with carbonate of soda.

APOTHECARIES' WEIGHT.—This weight is used by physicians and chemists in dealing with prescriptions. In the British Pharmacopoeia, however, the avoirdupois weight is used.

APPEAL. This is the right which is enjoyed by any litigant, with a few exceptions, of obtaining a further consideration or a re-hearing of his case when he is dissatisfied with the judgment of the court before which his action has been heard. Generally speaking, except in the case of criminal appeals, the appeal must be upon a point of law alone. When the question is one of fact alone, the finding of a judge or a jury is looked upon as final, unless it can be clearly shown, under all the circumstances of the case, that the decision was one at which no reasonable man or reasonable body of men could have arrived.

The House of Lords is the highest Court of

Appeal, and for judicial purposes it was constituted in its present form by the Appellate Jurisdiction Acts of 1876, 1887, and 1913. The constitutional right of all peers to sit in judgment, which is derived from most ancient times, has not been taken away; but it is an unwritten law that none but the most experienced lawyers shall take part in any of its legal duties. The last time this right was exercised was by Lord Denman in 1883. The Lord Chancellor and any ex-chancellors sit as a matter of course; but for the prompt despatch of business six Lords of Appeal, called also Lords of Appeal in Ordinary, are appointed, and they are made life peers with the rank of baron. Since appeals to the House of Lords come from all parts of the United Kingdom, it is the practice to take one Lord of Appeal at least from each of the countries of England, Scotland, and Ireland, so that his services may be utilised whenever a question arises which affects the particular law of his own country. No appeal can be heard unless there are at least three Lords of Appeal present, and for this purpose a Lord of Appeal includes not only the persons already mentioned, but also any other peer who has held high judicial office. With the rare exception of an appeal from the Court of Criminal Appeal (*infra*), all appeals to the House of Lords are connected with civil matters and go direct from the Court of Appeal in England, the Court of Session in Scotland, and the Court of Appeal in Ireland. The time for instituting an appeal is now six months from the date of the decree or order, or judgment appealed from, though this period may be extended in exceptional cases, e.g., the infancy or lunacy of one of the parties. The procedure is highly technical, and cannot be discussed here. The substantial difficulty, however, is the expense, as a deposit of £200, or a bond for that amount, must be forthcoming before an appeal can be entered upon by way of security for costs to be incurred. This is in addition to a recognisance to the amount of £500. The House of Lords is bound by its own judgments, and the only means of reversal is an Act of Parliament. If an even number of Lords of Appeal are sitting, and the House is equally divided, the judgment of the court from which the appeal is made stands good, and each party must pay its own costs. In cases of extreme importance, a litigant may be allowed to sue *in forma pauperis* (*q.v.*).

The Privy Council, or, rather, the Judicial Committee of the Privy Council, is the Court of Appeal in certain ecclesiastical cases, and also in cases arising under the Naval Prize Acts, but it is mainly concerned with appeals which come from different parts of the British dominions, outside the United Kingdom. The right of appeal, which is almost exclusively upon civil matters, is not so general as that of the courts of the United Kingdom to the House of Lords, and some of the Dominions beyond the seas have recently placed restrictions upon the right of appeal. All Lords of Appeal who are Privy Counsellors are members of the Judicial Committee, but in order to improve it for deliberative purposes, the committee has recently been strengthened by the inclusion of former Indian judges and judges who have held high judicial office either in the United Kingdom or in the self-governing dominions (not exceeding seven members in all), and two other members of the Privy Council, if the Crown thinks fit to appoint them. In addition, in the case of

ecclesiastical appeals, such archbishops and bishops as are members of the Privy Council have also a right to sit, but only as assessors. They can advise, but cannot give judgment. Four members at least must sit to hear an appeal, and they must be specially summoned for the purpose. Privy Council appeals, like those to the House of Lords, are highly technical in character, and the procedure laid down must be most strictly adhered to. Unlike the judgments of the House of Lords, the judgments of the Judicial Committee are not binding upon it in theory, though in practice they have generally the same weight.

The Court of Appeal is a division of the High Court of Justice, having been constituted by the Judicature Act, 1873, and modified in certain details by subsequent legislation. The Lord Chancellor is the head of the division, though in ordinary times the Master of the Rolls is practically the President, his duties being now exclusively confined to this work. He is assisted by five Lords Justices. By the Appellate Jurisdiction Act, 1913, every Lord of Appeal in Ordinary is *ex-officio* an ordinary judge of the Court of Appeal. The Lord Chief Justice and the President of the Probate Division are also *ex-officio* members of the Court, and when they sit there each of them takes precedence of the Master of the Rolls. By an Act passed in 1891 any ex-Lord Chancellor is entitled to sit, if requested to do so by the Lord Chancellor for the time being. Moreover, the Lord Chancellor may call upon any puisne judge of the High Court to assist in the work of the Court of Appeal if he deems it necessary to do so. The Court sits in divisions, each division consisting of three members for final appeals, and two for the hearing of interlocutory matters (*q.v.*). On rare occasions, when it is a question of deciding an important point of law, the six regular members sit together. The Court hears appeals in civil cases mainly, these appeals coming from any of the three inferior divisions of the High Court—Chancery, King's Bench and Probate, Divorce, and Admiralty, including the Divisional Court of each of the last two divisions. It also hears appeals direct from the palatine courts (*q.v.*) of Lancaster and Durham, and also from all courts having jurisdiction in lunacy. By statute appeals from county courts in cases arising out of the Workmen's Compensation Act, 1906, go to the Court of Appeal direct instead of to the Divisional Court of the King's Bench Division, and questions of procedure and practice are likewise sent direct from the judge in chambers. No appeal from a Divisional Court of the King's Bench Division will be entertained without leave. There is a right of appeal from the Court of Appeal to the House of Lords without leave, except in those cases where leave has had to be obtained in order to bring the matter before the Court of Appeal. The decisions of this Court are binding upon all inferior courts.

The Court of Criminal Appeal was established by an Act passed in 1907, and is composed of the Lord Chief Justice and eight judges of the King's Bench Division. It is quite legal, however, for three judges to sit, but the number must always be an odd one, since the question in dispute is decided by the opinion of the majority. This court, unless otherwise directed, always sits in London. Any person who has been convicted on indictment, i.e., at the Central Criminal Court, Assizes, or Quarter Sessions—there is no indictment at petty sessions

—may appeal (a) against a conviction on any ground of appeal which involves a question of law alone; (b) with the leave of the Court of Criminal Appeal, or upon the certificate of the judge before whom the case has been tried that the case is one fit for appeal, against a conviction on any ground of appeal which involves a question of fact alone, or a question of mixed law and fact, or any other ground which appears to the court to be a sufficient ground of appeal; (c) with the leave of the Court of Criminal Appeal against the sentence passed on conviction, unless the sentence is one fixed by law. In exceptional cases, as already stated, an appeal may sometimes be made from the Court of Criminal Appeal to the House of Lords; but in order that such an appeal may be brought, it is necessary for the Attorney-General to give a certificate to the effect that the case is one involving some novel or important point of law, or is a matter of great public interest.

A Divisional Court is a court of appellate jurisdiction, and is composed of two or three judges of the King's Bench Division. A Divisional Court in Chancery is practically unknown, but the two judges of the Probate, Divorce, and Admiralty Division occasionally sit together as a Divisional Court to hear appeals in Admiralty matters brought up from inferior courts, and also in appeals from justices or a magistrate under the Summary Jurisdiction (Married Women) Act, 1895. In the King's Bench Divisional Court appeals are heard in cases which come up from the various county courts, and also from magisterial courts, with the exception of those appeals just noticed. As to appeals from county courts, these can only be heard, without the leave of the county court judge, if the subject-matter in dispute is of the value of £20 or upwards, and the appeal must be on a point of law alone and not of fact. It has been proposed to extend this right of appeal, so that questions of fact as well as of law may be reviewed by the superior tribunal and to reduce the limit of the amount at stake. There has been a Bill before Parliament to this effect in various sessions during the last decade, but so far it has failed to become law. But if it is a question of an injunction (*q.v.*), there is always a right of appeal without leave, no matter how small may be the pecuniary interest involved. No appeal from a county court can go beyond the Divisional Court without special leave. As already noticed, appeals under the Workmen's Compensation Act, 1906, go direct to the Court of Appeal and not to the Divisional Court. As to appeals from magisterial courts, these are always upon a point of law raised upon a case stated by the magistrate; and here, as in county court appeals, there is no further appeal to the Court of Appeal without special leave. The Divisional Court is also the appellate tribunal in all appeals affecting the franchise, in matters of rating, etc., coming from quarter sessions, and it also exercises jurisdiction over the inferior courts in connection with the administration of the law, especially as to habeas corpus (*q.v.*), mandamus (*q.v.*), and certiorari (*q.v.*).

An appeal lies to quarter sessions, either county or borough, in many cases tried at petty sessions. This, however, is entirely governed by the provisions of the various Summary Jurisdiction Acts. To quarter sessions also appeals must be made, in the first instance, upon questions of rating.

The law as to appeals is practically the same in

England and Ireland, the House of Lords being the final tribunal.

In Scotland, there is a division of the Court of Session, and the Inner House, which is composed of two parts, four judges to each, hears appeals from the Outer House, in which the Lords Ordinary sit. It will be seen, therefore, that the Outer House corresponds, generally speaking, to the English *nisi prius* courts, and the Inner House to the English Court of Appeal. From the Inner House of the Court of Session appeals go to the House of Lords. From the Scotch sheriff's court (*q.v.*), which resembles the English county court, there is a right of appeal to the Inner House of Session, when the amount involved is over £50, but no appeal can go further without special leave. There are also other appeals of minor importance, but they need no notice here.

There is no Court of Criminal Appeal for Scotland or Ireland.

APPEARANCE.—This is the legal term which signifies that the person who has been made the defendant in an action has signified his intention of contesting the plaintiff's claim, after having been served with a writ (*q.v.*). Entering an appearance, as it is called, consists in the defendant's delivering either personally or through his solicitor or agent, a document called a memorandum of appearance at the central office of the Supreme Court or at a district registry, as the case may be, within eight days of the service of the writ. The words upon the document are "Enter an appearance for A B in this action," the title of the action, etc., being at the head. The memorandum must also contain the name of the defendant's solicitor, if he is represented by one. Notice of the appearance is then given to the plaintiff, and the action pursues its ordinary course (See ACTION.) The fee payable on entering an appearance is 2s.

APPLE.—The fruit of the cultivated varieties of the *Pyrus malus*, all of which have been derived from the wild or crab apple. It is now grown in temperate climates throughout the world, and there are nearly 2,000 varieties, the apple being the most widely distributed of all fruit trees. Besides being used for dessert, the apple is valuable for the manufacture of cider. The malic acid it contains is used for medicinal purposes, and also for the manufacture in Switzerland of a vinegar and a spirit. In England the cultivation of the apple is mainly carried on in the West. The chief importations come from Europe and North America. From America come Baldwins, Greenings, Russets, Newtown Pippins, and also a coreless and seedless variety, first imported in 1905 from Colorado. Tasmania is also developing an important export trade in apples. The wood of the tree is hard, durable, and fine-grained, and the bark contains a yellow dye.

APPLICATION FORM.—(See APPLICATION FOR SHARES.)

APPLICATION FOR SHARES.—Whenever shares in a joint stock company are offered to the public for subscription, a form of application is usually attached to the prospectus, and this is the form which is to be filled up when an application for shares is made. The form is then sent to the company or to the company's bankers, and if the application is successful, a letter of allotment (*q.v.*) is sent to the applicant in due course. An application for shares may be made legally by word of mouth, but in practice this never happens. All

the rules applicable to simple contracts, such as offer and acceptance, etc., hold good with respect to the application for and the allotment of shares.

The form of application is generally something like the following—

THE X Y COMPANY, LIMITED.

Issue of 10,000 £1 Preference Shares.

Form of Application

To the Directors of

The X Y Company, Limited.

Gentlemen,

I have this day paid to your bankers the sum of being the required deposit of shillings per share on five per cent Cumulative Preference Shares in your Company, which I desire you to allot to me, or any less number, upon the terms and conditions of the Prospectus under date of, and I hereby agree to accept such allotment of shares subject to the Memorandum and Articles of Association of the Company

Name (in full)

Address (in full)

.....

.....

Profession or Occupation

Usual Signature

(It will be seen, if reference is made to any prospectus, that shares are invariably payable by instalments, so much on application, so much on allotment, and the remainder in various ways and under various conditions.) This letter of application is an offer to take shares. It is of no avail unless it actually reaches the company, as if, for example, it is lost in the post. Like any other offer, it may be revoked before acceptance, and where the post is used as the agent of the parties, the applicant for shares being the first to use the post in the transaction, and, therefore, having chosen it as his own agent, a revocation is in plenty of time, even though an allotment has been actually made, if such revocation does, in fact, reach the company before the letter of allotment is posted.

Attached to the application form is usually a form of receipt to be filled up by the banker when the money is paid—

Receipt for Payment on Application.

Received the day of 19.....

of on account of the X Y Company,

Limited, the sum of £ being per

share, payable on application for shares

of £1 each in the above-named Company

For A and B Bank, Ltd

£ Stamp

N.B.—This half, when receipted, must be pre-

served by the shareholder, to be exchanged in due

course for the share certificate.

APPLICATION MONEY.—The sum of money sent to a company when an application for shares is made.

APPOINTMENT.—(See POWERS.)

APPORTIONMENT.—A dividing of a whole into equal or unequal parts, in proportion to the claims of more than one person interested. The word is derived from the Latin word *partio*, i.e., a part of the whole, and apportionment means a division of

a rent, common, etc., or a making it into parts. Apportionment may be in respect of either (1) time, or (2) estate. As to time at common law, rents and all payments at fixed periods in the nature of income, except interest on money lent, were not apportionable, e.g., where a tenant for life had demised premises, reserving rent quarterly, and died between two rent days, no rent was due from the tenant to anyone from the last rent day till the date of the death of the tenant for life.

The principle of the Apportionment Acts is to presume that rents and all payments at a fixed date accrue from day to day. In 1738 an Act was passed apportioning rent between the legal personal representatives of a deceased tenant for life, and the person succeeding in remainder; and now by the Apportionment Act, 1870, all rents, annuities, dividends, and other periodical payments in the nature of income are to be considered as accruing *de die in diem*, i.e., from day to day, and to be apportionable in respect of time accordingly. But it is provided that the apportioned part of such rent, etc., shall only be payable or recoverable, in case of a continuing payment, when the entire portion of which it forms part becomes payable; and in the case of a payment determined by re-entry, death, or otherwise, only when the next entire portion would have been payable if it had not so determined. Also, that persons are to have the same remedies for recovering such apportioned parts as for the entire portions, though tenants are not to be resorted to for the apportioned parts specifically, their recovery being enforceable against the heir or other person who, if the rent had not been apportionable, would have been entitled to recover it in its entirety. The Act applies to payments which are not made under any instrument in writing, but not to any case where the Act is expressly excluded by agreement to that effect; nor does it make any yearly sums made payable in policies of assurance liable to apportionment. The Act has affected two classes of cases; (1) Apportionments of rent due under a lease where a change in the right to receive has occurred between the dates arranged for payment; (2) apportionments of income between the personal representatives of limited owners and remaindermen where the limited interest has determined between the dates when the income became due.

As to (1), it has been held since the Act of 1870 that, although formerly where a tenant was determined during a quarter, no rent for the quarter was payable in the absence of an arrangement to that effect, now an amount in proportion to the time of actual occupation is recoverable from the tenant unless the determination has been due to a wrongful act or default on the part of the landlord. It has also been decided that the Act apportion liabilities as well as rights, so that apparently if a tenant assigns his interest during the quarter, the assignor will only be liable when the quarter day arrives for rent apportioned from the date of the assignment to him. Where, however, rent is payable in advance, the Act does not apply. As regards (2), an effect of the Act is that all dividends paid by public companies, whether paid at fixed periods or not, are to be apportioned unless it is shown that the payment is in reality a payment of capital, having regard especially to the powers and intentions of the company distributing the money.

An example of equitable apportionment occurs in the execution of trusts, e.g., where a fund is rever- sionary or its payment is deferred, it is apportioned

as between persons entitled to income and those entitled to capital.

As to apportionment in respect of estate, there is an apportionment at common law of the rent payable by a tenant in cases where it is inequitable, that the whole of it should be paid by the tenant, e.g., where part of the demised premises are destroyed by irruption of the sea or other natural causes. Cases also arise where it is unjust that the whole of the rent should be paid to a single person, and this position may be created either by the act of the parties or by the act of law. If a lessee is under the title of the superior landlord evicted from, or otherwise forfeits or surrenders a part of, the demised premises, from every part of which the rent is said to issue, he becomes liable to pay only a rent proportioned to the amount retained; while where the reversioner assigns part of the demised premises, the assignee is entitled to an apportioned part of the rent incident to the reversion, though neither the assignor nor the assignee can compel the lessee without his consent to agree to the apportionment, unless the apportionment is made by a jury. Formerly the assignee of a part of the demised premises could not re-enter for the breach of a condition in the lease, because a condition of re-entry could not be apportioned by the act of a party, but it was provided by the Law of Property Amendment Act, 1859, that where the reversion upon a lease is severed, and the rent is legally apportioned, the assignee of each part of the reversion shall, in respect of the apportioned rent allotted to him, be entitled to the benefit of all conditions of re-entry for non-payment of the original rent, whilst as regards leases made after the year 1881, the result of the Conveyancing Act of that year is to apportion all conditions which by their nature are capable of being apportioned, and which previously ran with the unapportioned reversion. Where by an act of law a demise becomes ineffective as regards the whole of the premises, but effective as to a part, rent is apportioned as regards the part as to which the demise is good. There are also several Acts which make provision for apportionment when parts of land demised or subject to a charge are taken for public purposes, e.g., the Lands Clauses Act, 1845.

A contract is said to be apportionable when the different acts necessary to be performed under it are so distinct that if one of the acts is performed without the others, the party who performs that act is entitled to enforce the contract *pro tanto* against the other party to the contract, e.g., if A contracts to sell a motor-car to B for a fixed price, and to keep it in proper order for a yearly sum, A has the right to recover the price of the car as soon as he delivers it, and he need not wait until he has performed the other part of the agreement.

APPRAISE.—To set a price upon anything, with a view to sale or otherwise. (See APPRAISEMENT.)

APPRAISEMENT.—The literal meaning of this word is setting a price or a value upon anything with a view to its sale or otherwise.

On an appraisement or valuation there is a duty payable as follows, under the Stamp Act, 1891—

“Appraisement or Valuation of any property, or of any interest therein, or of the annual value thereof, or of any dilapidations, or of any repairs wanted, or of the materials and labour used or to be used in any building, or of any artificers' work whatsoever.

Where the amount of the appraisement or valuation does not exceed		£	s.	d.
£5	..	0	0	3
Exceeds £5 and does not exceed	£10	0	0	6
..	£20	0	1	0
..	£30	0	1	6
..	£40	0	2	0
..	£50	0	2	6
..	£100	0	5	0
..	£200	0	10	0
..	£500	0	15	0
..	£500	1	0	0

“Exemptions (1) Appraisement or valuation made for, and for the information of, one party only, and not being in any manner obligatory as between parties either by agreement or operation of law.

“(2) Appraisement or valuation made in pursuance of the order of any Court of Admiralty, or of any Court of Appeal, from a judgment of any Court of Admiralty.

“(3) Appraisement or valuation of property of a deceased person made for the information of an executor or other person required to deliver in England or Ireland an affidavit, or to record in any commissary court in Scotland an inventory of the estate of such deceased person.

“(4) Appraisement or valuation of any property made for the purpose of ascertaining the legacy or succession or account duty payable in respect thereof.”

Section 24 of the same Act provides—

“(1) Every appraiser, by whom an appraisement or valuation chargeable with stamp duty is made, shall, within fourteen days after the making thereof, write out the same, in words and figures, showing the full amount thereof, upon duly stamped material, and if he neglects or omits to do so, or in any other manner discloses the amount of the appraisement or valuation, he shall incur a fine of fifty pounds.

“(2) Every person who receives from any appraiser, or pays for the making of, any such appraisement or valuation, shall, unless the same be written out and stamped as aforesaid, incur a fine of twenty pounds.”

APPRAISER.—A person who is employed to appraise or value property, and who is duly licensed for that purpose. The licence duty is £2 per annum. Any person who acts as appraiser without being duly licensed is liable to a penalty of £50.

APPRENTICES.—Statesmen and merchants alike deplore the decay of the apprenticeship system in the United Kingdom. There is no kind of manual work which can be well done unless young people, of both sexes are carefully taught by skilled workmen and workwomen, so that, in time, the young may take the place of the old, and the arts and crafts may continue to flourish. In the Middle Ages a long apprenticeship was required all over Europe. The quality of the work then done was so good that specimens of it are preserved in the principal museums of Europe for us to gaze upon and to admire.

All arts and crafts were united into guilds; the master workmen in those guilds were the teachers, and the apprentices were the learners. The term of apprenticeship was seven years, and apprenticeship was compulsory. Nowadays the period of

learning a trade is much shorter, and it is not compulsory, but it is still general to be apprenticed in many professions and trades. Doctors, lawyers, architects, and those in many other learned professions cannot enter upon their duties without a long and costly apprenticeship.

An apprentice is generally under the age of twenty-one, and, in the ordinary way, cannot bind himself by contract. He is allowed to bind himself as an apprentice, however, because, in the view of the law, such a contract is for the young person's benefit. The contract of apprenticeship is entered into by a solemn deed called an indenture, or it may be by a simple contract in writing. A premium is often paid to the employer, especially in the higher branches of trade. Sometimes the employer provides the apprentice with board, lodging, and medicine, and sometimes not. Modern employers rightly consider that a youth or a young girl ought not to be without pocket money during the years they are learning their trade, and it often happens, in consequence, that the premium paid for apprenticeship is returned to the apprentice in the form of a small weekly sum. In many trades the apprentice is now taken without a premium, and the master encourages the learner with a small weekly wage starting from the very beginning of the apprenticeship.

The contract is put an end to naturally when the term of apprenticeship has expired, or by the bankruptcy of the master, or by death, or by mutual consent.

Apprentice is defined by Murray's "English Dictionary" as a learner of a craft, one who is bound by legal agreement to serve an employer in the exercise of some handicraft, art, trade, or profession, for a certain number of years, with a view to learn its details and duties, in which the employer is reciprocally bound to instruct him (Fr. *apprendre*, to learn).

Watermen, wherry-men, or lightermen must not take an apprentice unless the employer has a house or tenement in which to lodge such apprentice. The full sum of money received or paid or contracted for must be entered in the indentures.

Indentures. The word "indentures" has a historical origin. When two parties made a solemn agreement in writing, and each party desired to have a written proof of it, it was customary to cut the document in two, not in a straight line, but in a zigzag line, thus: *W*, so that the cut roughly resembled a tooth (Lat. *dens*, a tooth), hence the word "indenture." One party kept one portion of the document, the other kept the other. When the two parts of the document were brought together by the parties who owned the separate portions, and these parts were found to fit, that was sufficient proof that the two parts made up the legal document. No document was ever indented exactly like another document. Nowadays, the indentures of an apprentice are not made in this form, but may consist of only one deed. There is generally a wavy line, or a wavy edge, put upon the modern indentures, but this is a mere reminder of the ancient practice of indenting the documents in the way here described.

A statute passed in the eighth year of Queen Anne deals with the indentures of clerks, apprentices, and servants. The indentures shall bear date upon the day of signing, sealing, or other execution of the same. The indentures must be stamped within three months from the day of making, if

made within 50 miles of the metropolis, and if beyond that distance the stamping must take place within six months.

The indentures of any apprentice who is put out at the common or public charge of any parish do not require stamping. By an Act passed in the reign of Henry VIII it is clear that "prentesis" were often defrauded by their masters, and "exactions" were made upon them. Several statutes contain provisions for the binding as apprentices of pauper children.

Parish Apprentices. This binding may be done by the parish authority without indentures. If the master dies before the apprentice has served his term, the apprentice may continue with the master's successor, if the justices approve. Overseers must keep a book for entering the name of every apprentice bound by them. According to the statutes, the friend of the apprentice, whenever he was oppressed, was to be the justice of the peace. In 1851 guardians and overseers were required to visit the apprentices whom they had bound to employers. The indentures of boys bound for service at sea were to be witnessed by two justices. Before a ship was about to set sail for foreign parts, the statute required that the apprentices and their indentures were to be brought before the shipping master. Where masters ill-treated their apprentices, or failed to provide them with sufficient food, power was given to the guardians and overseers to prosecute.

The Master's Duty. The Conspiracy and Protection of Property Act, 1875, contains a section which must be quoted at length—

"Where a master being legally liable to provide for his servant or apprentice necessary food, clothing, medical aid, or lodging, wilfully and without lawful excuse refuses or neglects to provide the same whereby the health of the servant or apprentice is or is likely to be seriously or permanently injured, he shall on summary conviction, be liable either to pay a penalty not exceeding £20, or to be imprisoned for a term not exceeding six months, with or without hard labour."

Sea-fishing Apprentices. All indentures of apprenticeship to the sea-fishing service, and all agreements with boys, under sixteen years of age with respect to such service, shall be entered into before a superintendent of a mercantile marine office, who, before allowing the same to be completed, shall satisfy himself that the indenture or agreement complies with all the requirements of the statute, and that the master to whom the boy is bound is a fit person for the purpose, and that the boy is not under thirteen years of age, and is of sufficient health and strength, and that the nearest relations of the boy or his guardian assent to the boy's being apprenticed, and to the stipulations in the indenture or agreement, and shall make and sign an indorsement that he is so satisfied on the indenture or agreement.

Where the nearest relations or guardian cannot readily be found, or are not known, the superintendent shall act as guardian for the occasion, and state in the said indorsement that he has so acted. All such indentures or agreements shall be in triplicate, one to be kept by the master, one by the boy, and one by the superintendent. This indenture must be in a form provided by statute. No boy under thirteen shall enter into such indenture.

Anyone receiving money for binding an apprentice commits a crime, and will be punished accordingly. The indenture is void if it is not entered into before a superintendent of mercantile marine. No boy may be taken on the sea-fishing service for a longer period than one day unless such boy is duly bound by indenture. Power is given to the mercantile marine superintendent to take all proper steps to enforce the claims of any apprentice under one of these indentures. The forms for the indentures will be supplied to the superintendents by the Board of Trade, and the superintendents will be controlled by the Board of Trade. Guardians and overseers of the poor must apprentice boys to the sea-fishing service only in this way.

- If an apprentice to the sea-fishing service deserts, he is liable to lose the clothes he has left on board, the wages due to him, as well as to pay for the substitute appointed in his place to the extent of the higher wages paid to the substitute. The following are also offences against discipline, for which fines are inflicted: Neglect or refusal to proceed to sea, absence without leave, quitting the boat before she is placed in security, disobedience and neglect of duty. The following are crimes for which imprisonment may be inflicted: Assaults, conspiring with others to disobey or neglect duty, wilful damage to boat or stores, and smuggling.

All clothes, other personal property, and wages which are forfeited owing to desertion, will be applied to compensate the skipper or owner for the loss he has suffered. In addition to any punishment which the court may order for desertion, the deserter may be further ordered to return to his boat.

Apprenticeship to the Sea Service. By the Merchant Shipping Act, 1894, provision is made for apprenticeship to the sea service; superintendents shall give every assistance to persons desirous of apprenticing boys, and shall be allowed to charge fees fixed by the Board of Trade. Special provisions are made for the apprenticeship of paupers in Great Britain and Ireland. A pauper apprentice must execute (sign, seal, and deliver) his indenture, as must also the person to whom he is bound, in the presence of two justices of the peace. The justices must make sure that the boy consents to be bound, that he is twelve years old, that he is strong enough to go to sea, and that his master is a proper person to have charge of him.

The indenture of apprenticeship to the sea service is made out in two parts, and is free from stamp duty. If the indenture is assigned or cancelled, or if the apprentice dies or deserts, the fact must be recorded. The Registrar-General of Shipping and Seamen keeps one of the indentures; he returns the second to the master after he has indorsed on it the fact that he has registered it. Before the master of a ship sets sail for a foreign port, he must produce his apprentice and the boy's indenture, and submit both to the superintendent of the port. The name of the apprentice, the date of the indenture, the assignment (if any), the names of the ports where the same have been registered, must all be entered on the agreement with the crew. (The agreement with the crew must be entered into between the master of every ship and every seaman.)

The Board of Trade may supply licences to suitable persons to supply apprentices for merchant ships. A heavy fine is exacted if the rules concerning these licences are not obeyed. No apprentice is permitted to pay any fee to any person who may

undertake to find him suitable employment at sea.

The agreement with the crew is in a form approved by the Board of Trade; it is first signed by the master, and then by the apprentice. The agreement states where the ship is going to, the length of the voyage, the number of the crew, the duties of the seaman, his wages, a list of the provisions supplied to each man. Apprentices at sea may send their wages to their relatives or friends by means of seamen's money orders, which can be obtained from the port superintendent. An apprentice's right to his wages and provisions begins as soon as he starts work, or when the agreement states that the right is to begin. Refusal to work at any time means loss of wages. If an apprentice has been convicted of an offence in the course of a voyage, the master may deduct from his wages a sum not exceeding 1/3 towards the cost of the conviction. If an apprentice cannot get his wages when they become due, he must go to the magistrates nearest to the spot where he takes his discharge, and they will look after his rights forthwith. The court may cause an apprentice's contract (indenture) to be broken with any master if it sees a good reason for doing so.

If an apprentice dies on a voyage, the master must take charge of his property, and sell it, if necessary, and must make a proper entry in the log-book of the property of the deceased, whether goods, money, or wages due. The entry in the log-book must be witnessed by a member of the crew. As soon as the master touches a port outside the United Kingdom, he must report the death of the apprentice to the British Consular officer, or to the officer of Customs, and must state what property the deceased left behind him. When the master arrives at a port of the United Kingdom, he must hand the property of the deceased apprentice to the superintendent of the port. If an apprentice dies abroad and leaves property and money on land where he lies, the British Consular officer must take charge of and sell such property, if he thinks it advisable. If any apprentice dies within the United Kingdom, any property or money due to such apprentice must be paid to the superintendent of the port where the apprentice should be discharged. The property of the deceased apprentice must be handed over to his legal personal representative (his father, mother, guardian, or other person properly entitled).

In the case of a deceased apprentice having left a will, it must be in writing, and must have been signed or acknowledged by the deceased in the presence of the master or mate. The will must be witnessed by the master or mate. If the will was not made on board ship, it must be witnessed by two persons, one of whom must be a superintendent, or a minister of religion, or a justice, or a British Consular officer, or an officer of Customs. If an apprentice is discharged from his ship in a foreign country, the master must give him a certificate of discharge in a form approved by the Board of Trade. In addition to this, his wages must be paid, and employment must be found for him in a homeward-bound ship, or he must be provided with a passage home. It is a misdemeanour (crime) for a master wrongfully to force an apprentice on shore in a foreign land. Where the master lawfully leaves the apprentice behind, the fact must be indorsed on the agreement with the crew, and the sanction of any of the following must be obtained: A superintendent, or, the chief officer of Customs, or the British Consular

officer, or two resident merchants, or one, if there be not two there.

Full particulars of what wages are due to the apprentice must be delivered to any of the persons named above. The wages must be paid to the apprentice, if he is left behind in one of His Majesty's possessions; if elsewhere, to the British Consular officer.

Apprentices to the sea service who are in distress will be sent home at the expense of the Board of Trade, under the following circumstances: Discharged, left behind abroad, shipwrecked. The master of every British ship is bound to take them aboard and care for them. He receives a certificate from the authority who puts the apprentice on board. If an apprentice receives a hurt or injury in the service of the ship, all expenses arising therefrom must be paid by the owner without any deduction from the wages due. An apprentice has the right to make a complaint against the master or any of the crew at the first convenient place at which the ship stops. Lodging-house keepers are fined if they overcharge an apprentice. This summary by no means exhausts the provisos of the Merchant Shipping Act in relation to apprentices. For further information, the Act itself must be consulted upon such subjects as discipline, registration, death, and disputes.

Bankruptcy of Master. By Section 34 of the Bankruptcy Act, 1914, it is provided that if the master of the apprentice or articulated clerk becomes a bankrupt, such bankruptcy will annul the indentures, and the trustee in bankruptcy may allot out of the bankrupt's estate such a sum of money for the use of the apprentice as the estate will bear. Regard will also be paid to the amount of premium paid on behalf of the apprentice.

The Custom of the City of London. The custom of the City of London in relation to apprentices dates back into the dim past of English history. Edward III granted to the citizens of London the right of altering any privilege of theirs which had become hard or defective by lapse of time. This grant has been confirmed by Parliament. Accordingly, in 1889, an Act of the Common Council of the City of London was passed dealing with the ancient London mode of binding apprentices, and altering that mode where it had become harsh or antiquated. A covenant in the old form of indentures bound the apprentice to a citizen of London to learn his art for a term of seven years. This has been reduced to a term of four years and upwards. The apprentice was forbidden to contract matrimony; this prohibition has been now withdrawn. It was the master's duty to find the apprentice in meat, drink, apparel, lodging, and all other necessities. This covenant has now been omitted, and, in place of it, the master may pay the apprentice wages instead, if the parties mutually agree. In indoor apprenticeships, the master may require the parent or guardian of the apprentice to be a party to the indentures.

Duties of an Apprentice. The duties of an apprentice are well set forth in the ancient indentures of the City of London: The apprentice must serve his master faithfully, keep his secrets, gladly keep his lawful commands, do no damage to his master, nor allow others to do any. The apprentice shall not waste his master's goods nor lend them to any person without leave; he shall not play at cards, dice, tables, or any other unlawful games, "whereby his said master may have any loss." He must not buy or sell on his own account during his apprenticeship

without his master's leave; he must not haunt taverns nor play-houses; but in all things he shall serve his master as a faithful apprentice ought.

The promises which the master made in return for the above covenants by the apprentice were: To teach the apprentice by the best means he can in the same art which the master uses, and to provide the apprentice during the term with board, lodging, washing, and all other necessities.

Compensation for Injury. The benefits of the Workmen's Compensation Act, 1906, are extended to all apprentices, so that if in any employment personal injury happens to any apprentice, the master or employer will be liable to pay compensation. The accident must arise out of the employment and in course of it, and the apprentice must have been disabled for at least one week. If the injury is the result of the serious and wilful misconduct of the apprentice, no compensation will be allowed unless the injury results in permanent disablement or death. This Act applies to apprentices to the sea service and to apprentices to the sea-fishing service.

Remedies. In case of difficulties under an apprenticeship contract, it is generally possible to settle the same by appearing before a court of summary jurisdiction. But it is quite possible, under special circumstances, for proceedings to be taken for breach of contract in the High Court or the county court, according to the nature of the case and the matters involved.

APPROPRIATED STAMPS.—By Section 10 of the Stamp Act, 1891:—

"(1) A stamp which by any word or words on the face of it is appropriated to any particular description of instrument is not to be used, or, if used, is not to be available, for an instrument of any other description.

"(2) An instrument falling under the particular description to which any stamp is so appropriated as aforesaid is not to be deemed duly stamped, unless it is stamped with the stamp so appropriated."

Appropriated stamps are used for—

Bankruptcy, proof of debt. (Adhesive stamp.)

Brokers' contract notes. (Adhesive stamp.)

Foreign bills, that is, bills and promissory notes drawn or made out of the United Kingdom except such bills as are payable on demand, at sight, or on presentation, for which a postage stamp is used; or at not exceeding three days after date or sight, for which a postage stamp is the proper one to be used. On cheques drawn abroad, the ordinary impressed stamp is sufficient. (See BILL OF EXCHANGE.) Foreign bill stamps are adhesive.

Inland bills and promissory notes drawn or made in the United Kingdom (except such as are payable on demand, at sight, or on presentation, or at not exceeding three days after date or sight, when a postage or impressed stamp may be used), and the appropriated stamps must be impressed.

APPROPRIATION ACCOUNT. (See PROFIT APPROPRIATION ACCOUNT.)

APPROPRIATION ACT.—This is a special Act passed annually, about the end of each session of Parliament, giving authority for the payment of public money for matters authorised during the session by the Legislature.

APPROPRIATION OF PAYMENTS.—If a debtor owes more than one debt to a particular creditor, and pays to the creditor a sum of money which is

insufficient to liquidate the whole of the debts owing to that creditor, the money must be appropriated by the creditor in the following manner—

(1) To whichever debt the debtor desires, provided that the option is exercised at the time of payment.

(2) If no appropriation is made by the debtor, the creditor is at liberty to exercise his own option at any time.

(3) If there is a general running account between the parties, there is a presumption (though this presumption may be rebutted) that the money paid has been appropriated to the various items in the order of date.

It will be seen, therefore, that if accounts are of long standing, this doctrine may affect the Statutes of Limitation (*qv*). Thus, if some of the debts are statute-barred, the creditor will desire to apply payments to the earliest debts, although more than six years old, whereas the debtor will probably desire the opposite course to be adopted.

These rules are known as the rules in Clayton's Case.

APRICOT.—A fruit of the plum kind obtained from different varieties of the *Prunus armeniaca*. It is a native of China, but has long been cultivated in the Levant, and is now grown in many parts of the world. The apricot is about the size of a peach, orange in colour, with a velvety skin and an aromatic flavour. It has a single stone containing a kernel, which may be either sweet or bitter, and from which prussic acid and (by distillation) the French *eau de noyaux* may be obtained.

The best known varieties are the Royal, Turkey, Moorpark, and Breda. The candied species is imported from the South of France.

AQUA FORTIS.—The old name for nitric acid, and still applied commercially on account of its corrosive action on many substances.

AQUAMARINE.—A name that is sometimes given to the beryl on account of its sea-green colour. Though it has almost the same chemical combination as the emerald, its commercial value is considerably less. The best stones are obtained from Ceylon, but good ones are also found in Brazil and the Urals.

AQUA REGIA.—A mixture of nitric acid and hydrochloric acid in the proportions of one to two. Its chief use is to dissolve gold and platinum. The name (literally "royal water") was given to it because it alone would dissolve gold—the king of metals.

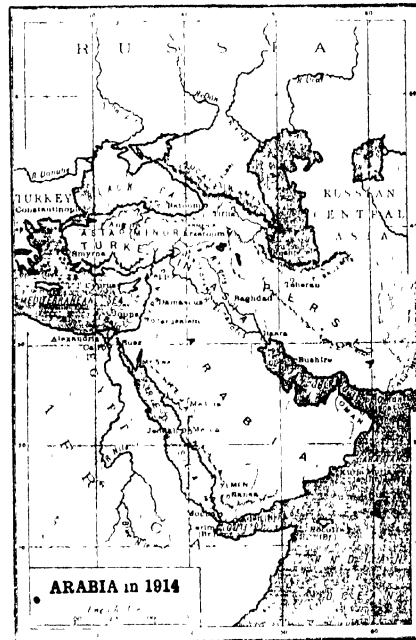
ABA.—The Italian name, under the Metric system, for "are" (*qv*).

ARABIA.—Arabia is a large peninsula to the south-west of Asia, being for the most part an elevated tableland. It is bounded on the west by the Red Sea, which separates it from Africa; on the east by the Persian Gulf; on the south by the Indian Ocean; and on the north by Syria. Its area is over 1,000,000 square miles, and its population is estimated at about 12,000,000. Once under the rule of Turkey, it is now split up in a remarkable fashion; and the future of this land is not, at the time of going to press, fully decided. No doubt the British and the French influence, over Aden and Oman respectively, will remain, and whenever a settlement is possible every effort will be made to establish an orderly government, but it is a fact which has to be acknowledged that much of the country is divided up between various

Bedouin tribes, and the unsettled nature of anything in the shape of government must retard the commercial progress of Arabia for many years to come.

Relief. As above stated, Arabia is an elevated tableland, and very little of the country, except perhaps in the interior, is under 1,500 ft. above the level of the sea. There are mountainous regions along the western coast and also in the south-east, some of the heights reaching to about 10,000 ft. The mountain mass of the peninsula of Sinai, in the north-west, is considerably lower. It is between the mountainous regions near the coast and the coast line itself that the fertile and best cultivated strips of land are to be found. Much of the interior, as far as it is known, is nothing but sandy desert. Owing to the nature of the country there are practically no rivers, and the few streams that exist are of no commercial importance.

Again, there are very few harbours or inlets which can be utilised for trade purposes. On the Red Sea coast there are numerous small islands and coral reefs, but it is unnecessary to notice any of the former except Perim, a British possession near the Strait of Bab-el-Mandeb, on which there is an important lighthouse, being at the entrance to the Red Sea. Aden is noticed elsewhere, and its harbour is excellent. There is also a good harbour at Muscat in Oman, but on the Persian Gulf there is nothing of importance except the harbour of Koweit, the proposed terminus of the Bagdad railway.



[N.B. This map must be taken to represent the condition of affairs at the date of the outbreak of the Great War in 1914. As above stated, it will possibly be considerably altered before peace is finally established.]

Climate. The climate varies greatly, being intensely hot in the interior and along the coast of the Red Sea—perhaps the hottest part of the world. In the highlands the range of temperature is extreme, very hot in summer and intensely cold in winter. This is partly accounted for by the absence of rain for the greater portion of the year. In fact, much of the peninsula may be termed a rainless desert, rain sometimes only falling at intervals of three or four years. This is due to the fact that the prevailing winds blow chiefly from the Sahara, and bring no moisture with them.

Vegetation. Coffee flourishes in Yemen, and along the coast, where the height varies from 1,000 to 4,000 ft. The date palm supplies the chief food of the inhabitants. In the interior the wandering tribes are engaged in rearing flocks—camels, horses, sheep, and goats—and these form the staple of any kind of trade that can be said to be carried on with them.

Towns. The chief centres of population are *Medina* and *Mecca*, both closely connected with the Mahometan religion, the former being the city from which the prophet fled and where he eventually died, and the latter the place of his burial. The seat of government, such as it is under Turkish rule, is at *Jeddah*, the port of Mecca. The port of Medina is *Yembo*, about 250 miles north of *Jeddah*. The so-called towns of the interior are of no commercial importance.

Trade. The trade of Arabia is chiefly dependent upon the pilgrims, especially those who visit Mecca, by way of Jeddah, for whom supplies have to be imported. Amongst the exports may be enumerated camels, horses, sheep, hair, wool, in addition to large quantities of coffee and dates. The imports are mainly cotton goods, hardware, and weapons.

ARABIN.—The principal constituent of gum arabic, in which it occurs, mixed with lime and potash. By the addition of alcohol to a solution of gum arabic in water, the pure arabin is deposited in white flocks. It contains large quantities of carbon, oxygen, and hydrogen, being similar to starch in its composition.

ARBITRAGE.—The term is a French one, and indicates the purchase or sale of securities on a foreign Stock Exchange against a corresponding sale or purchase on the home Exchange. This, of course, can only be done in the case of securities which are of an international character, or are at least quoted on one important foreign Stock Exchange, as well as the home Stock Exchange. With the growing internationalisation of finance, the number of these securities is continually on the increase, and as examples we need merely mention American Railroad Bonds and Stocks, which are quoted in New York, London, Berlin, Frankfurt, and Amsterdam; Russian Government Loans, which are dealt in on the Stock Exchanges of Petrograd, Moscow, Paris, Berlin, Amsterdam, Brussels, and Geneva; Chinese Government securities, which are quoted in London, Berlin, Frankfurt, Brussels, and Paris; Japanese Government securities, which are quoted in Tokyo, Osaka, London, and Paris; Mexican Government Loans, which are quoted in London, Paris, Berlin, Frankfurt, Amsterdam, and Geneva; Transvaal Gold Mining Shares, which are quoted in London and Paris.

In addition to these groups of securities, there are also numerous important single companies whose shares are quoted on two or more important Stock Exchanges, such as those of the Spies Petro-

leum Company and the Shell Transport Company, which are quoted in London and Paris; the Chinese Engineering and Mining Company, quoted in London and Brussels; the De Beers Consolidated Mines and the Rio Tinto Company, quoted in London and Paris—in fact, the list could be indefinitely extended.

Arbitrage transactions require very careful handling and quick action, and usually brokers in the different centres are in close touch with each other, communicating from one to another the buying and selling prices of the different stocks from hour to hour. If, owing to local circumstances, such as the offer of a large parcel, the price on one Stock Exchange temporarily falls to a point, which, after taking into account the cost of transport and insurance and the current rate of exchange, would allow of its re-sale at a profit on the foreign Stock Exchange, the arbitrage dealer buys in the centre where the stock can be obtained cheaply, and through his agent sells where a better price can be got. The price variations are very slight as a rule, but as transactions are often in large quantities, it is sometimes a lucrative business. The establishment of telephonic communication between London and Paris has, in a measure, limited arbitrage dealings, for it has rendered less likely a lengthy period of any appreciable difference in price between two centres.

[N.B. This article has reference particularly to the normal state of affairs prior to the outbreak of the Great War in 1914.]

ARBITRATION.—The courts of law in this country are open to anyone who seeks to enforce a legal right or to obtain relief from or compensation for some infringement of his legal rights by another, and any agreement which purports to oust entirely the jurisdiction of the courts to settle differences and disputes between the parties thereto is illegal and void, as being against public policy (*q.v.*). But an agreement in writing that no right of action shall arise between the parties as respects the subject-matter of the agreement, unless and until the question in dispute has been arbitrated upon by some indifferent person, is valid, and in a proper case will be enforced by the court, ordering a stay of any legal proceedings until the question has been referred to arbitration. Such an agreement is called a submission to arbitration. It is a common stipulation in many written contracts, such as those with insurance companies, contracts relating to building operations, and contracts between persons engaged in particular trades, that any dispute arising thereunder shall not be made the subject of proceedings in the courts until the award of an arbitrator has been obtained thereon. The person appointed to determine differences and disputes out of court is called the arbitrator, the proceedings before him an arbitration, and his decision an award.

Chambers of Arbitration have been instituted in London and other large commercial centres by the various Chambers of Commerce, and many trade organisations provide a similar means of settling disputes between their members, or for a more summary reference of the matter in difference to some person who is skilled in the details of the particular trade or business. Arbitrations by consent are governed by the provisions of the Arbitration Act, 1889. Arbitration may also take place by order of the High Court of Justice, which may order an action, or any question of fact arising in an action, to be referred for trial to a special

referee or arbitrator agreed upon by the parties, or to an official referee (*qv*), or other officer of the court. The report or award of the appointed person will have effect as the verdict of a jury, unless set aside by the court. The court has jurisdiction to order a reference, (1) if all the parties concerned, who are not under some disability, consent, (2) if the case requires any prolonged examination of documents, or any scientific or local investigation, which cannot in the opinion of the court or a judge conveniently be made before a jury or conducted by the court through its other ordinary officers, or (3) if the question in dispute consists wholly or in part of matters of account. Any such reference is conducted in accordance with the prescribed rules of court, and, subject thereto, as the court or a judge may direct. The court also has power to order any question arising in an action to be referred for inquiry or report to any official or special referee, whose report may be adopted, wholly or partially, by the court or a judge, but such references are not strictly arbitrations. A criminal proceeding cannot be referred or be made the subject of an arbitration, though when an act has been done which renders the perpetrator liable to be prosecuted, and also to a civil action for damages by the injured person, the amount of the damages to be paid may be referred to arbitration.

Certain Acts of Parliament provide for the settlement of questions arising thereunder by arbitration, either at the option of the parties concerned or quite independently of their consent. Among the former are certain disputes arising in connection with friendly societies, building societies, and the like, gasworks, waterworks, tramways, railways, telegraphs, matters of public health and local government, and where the compulsory purchase of land is authorised (see COMPENSATION), while the latter mainly relate to disputes connected with agricultural holdings, factories, the housing of the working classes, and workmen's compensation (*qv*). Most of these matters, however, are scarcely within the scope of this work, and regarding such arbitration all that need here be said is that the provisions herein set out as to arbitration by voluntary submission will apply, except in so far as they are inconsistent with or expressly negated by the terms of the special Act.

The Submission. Every voluntary reference out of court must originate in a submission, which is defined as being a written agreement to submit present or future differences to arbitration. A submission is deemed to be irrevocable, except by leave of the court or a judge, unless a contrary intention is expressed therein. It must be signed by or on behalf of the parties, and except in so far as it expressly negatives any of them, will be deemed to contain the following provisions:—

(a) If no other mode of reference is provided the reference shall be to a single arbitrator.

(b) If the reference is to two arbitrators, the two arbitrators may appoint an umpire at any time within the period during which they have power to make an award.

(c) The arbitrators shall make their award in writing within three months after entering on the reference, or after having been called on to act by notice in writing from any party to the submission, or on or before any later day to which the arbitrators, by any writing signed by them,

may from time to time enlarge the time for making the award.

(d) If the arbitrators have allowed their time or extended time to expire without making an award, or have delivered to any party to the submission, or to the umpire, a notice in writing, stating that they cannot agree, the umpire may forthwith enter on the reference in lieu of the arbitrators.

(e) The umpire shall make his award within one month after the original or extended time appointed for making the award of the arbitrators has expired, or on or before any later day to which the umpire by any writing signed by him may from time to time enlarge the time for making his award.

(f) The parties to the reference, and all persons claiming through them respectively, shall, subject to any legal objection, submit to be examined by the arbitrators or umpire, on oath or affirmation, in relation to the matters in dispute, and shall, subject as aforesaid, produce before the arbitrators or umpire, all books, deeds, papers, accounts, writings, and documents within their possession or power respectively, which may be required or called for, and do all other things which during the proceedings on the reference the arbitrators or umpire may require.

(g) The witnesses on the reference shall, if the arbitrators or umpire thinks fit, be examined on oath or affirmation.

(h) The award to be made by the arbitrators or umpire shall be final and binding on the parties and the persons claiming under them respectively.

(i) The costs of the reference and award shall be in the discretion of the arbitrators or umpire.

A submission under seal requires a 10s impressed stamp, if under hand, a 6d stamp must be affixed or impressed, unless the subject matter is under £5 in value, when no stamp is required. (See also AGREEMENTS.)

Appointment of Arbitrators or Umpires. The parties may appoint anyone they please as arbitrator or arbitrators, or as umpire, either by naming him or them in the submission, or when the difference or dispute arises for reference. Where a submission provides that the reference shall be to a single arbitrator, and all the parties do not, after differences have arisen, concur in the appointment of an arbitrator, or if an appointed arbitrator refuses to act, or is incapable of acting, or dies, and the submission does not show that it was intended that the vacancy should not be supplied, and the parties do not supply the vacancy, or where the parties or two arbitrators are at liberty to appoint an umpire or third arbitrator, and do not appoint him, or where an appointed umpire or third arbitrator refuses to act, or is incapable of acting, or dies, and the submission does not show that it was intended that the vacancy should not be supplied, and the parties or arbitrators do not supply the vacancy, any party may serve the other parties or the arbitrators, as the case may be, with a written notice to appoint an arbitrator, umpire, or third arbitrator. If the appointment is not made within seven clear days after the service of the notice, the court or a judge may, on application by the party who gave the notice, appoint an arbitrator, umpire, or third arbitrator, who will have the like powers to act in the reference, and make an award, as if he had been appointed by consent of all parties.

Where a submission provides that the reference shall be to two arbitrators, one to be appointed by each party, then, unless the submission expresses a contrary intention, if either of the appointed arbitrators refuses to act, or is incapable of acting, or dies, the party who appointed him may appoint a new arbitrator in his place; and if one party fails to appoint an arbitrator, either originally or by way of substitution, for seven clear days after the other party, having appointed his arbitrator, has served the party making default with notice to make the appointment, the party who has appointed an arbitrator may appoint that arbitrator to act as sole arbitrator in the reference, and his award will be binding on both parties as if he had been appointed by consent. The court or a judge may set aside any such appointment.

If two arbitrators have to appoint an umpire, the latter must be deliberately chosen, and not selected by chance or lot, but they may draw lots as to which of certain selected fit persons shall be appointed.

If the submission provides that the reference shall be to three arbitrators, one to be appointed by each party and the third by those two, it would seem that there is no direct power to compel a party to appoint his arbitrator, so that if a party refuses to appoint, a reference cannot be held (see *United Kingdom Mutual Assurance Association v. Houston*, 1896, 1 Q.B. 567), but the court may, and probably would, stay any legal proceedings by the party refusing to appoint.

Powers and Duties of Arbitrators. Unless the submission provides to the contrary, the arbitrators or umpire have the various powers mentioned above as being implied in the submission, and, in addition, may state their award, or part thereof, in the form of a special case for the opinion of the court, may correct any clerical mistakes or accidental errors or omissions in the award, and may obtain legal assistance to frame the award.

An arbitrator or umpire must undertake the reference himself, he cannot appoint an agent or deputy; and if he is guilty of any misconduct in the arbitration he may be removed by order of the court, or his award may be set aside, which may also be done in the case of an award that has been improperly procured. It is not easy to say what will amount to misconduct or improper procurement, but the following matters have been held to justify either removal or setting aside:—Taking evidence in the absence and without the knowledge of a party having an interest in the subject-matter of the reference, giving a decision intentionally contrary to law, making an obvious mistake as to the law, receiving a bribe or some improper inducement to decide for a particular party, refusing to hear witnesses, and making extravagant charges as remuneration.

An arbitrator or arbitrators, when called upon to act, must give proper notice to the parties of the time and place when and where the arbitration will be held. If these are reasonably fixed and one party refuses to attend, the arbitration may proceed in his absence, but if the party has a reasonable excuse for non-attendance, the arbitrator should adjourn the proceedings to a convenient time and place. Subject to any special directions contained in the submission, the proceedings should be conducted so far as is reasonably practicable in the same way as an action in the courts, and the arbitrator should observe the ordinary rules of

evidence, though his award will not be invalidated by a deviation therefrom if no injustice to the parties is caused thereby. Each party must be allowed to adduce all his evidence, and to be heard fully either in person or by counsel or solicitor. When the hearing has concluded, the arbitrator must proceed without undue delay to consider, and in due course must make, his award or decision. If there are two arbitrators and they cannot agree, the umpire is substituted for them, and has the same powers.

The Award. As to the time within which the award must be made, see *ante*. The time so fixed may be enlarged by order of the Court or a judge. The award must be made in writing, but may be in such form and expressed in such language as the arbitrator or umpire thinks fit. But it must be clear, and must finally settle all the differences referred to arbitration. It must be dated, and be signed by all the arbitrators, and, generally, at the same time and in the presence of each other. It must bear a 10s. stamp.

When the award is ready, notice should be given to the parties.

At any stage of an arbitration, the referee, arbitrator, or umpire may, and must if so directed by the court or a judge, state in the form of a special case for the opinion of the court any question of law arising in the course of the reference, and, unless the submission expresses a contrary intention, may so state an award. The court or a judge may remit the award to the reconsideration of the arbitrators or umpire, who in such a case must make their award within three months after the date of the order, unless the order otherwise directs. An award may state the amount of the arbitrator's or umpire's charges, and the usual practice is for the amount to be notified to the parties, and for the arbitrator, etc., to keep possession of the document until the charges have been paid. A party paying the charges and taking delivery of the document is said to "take up the award." An award made on a written submission may, by leave of the High Court of Justice, be enforced in the same way as a judgment or order to the same effect, *i.e.*, by execution (*q.v.*), attachment (*q.v.*), or action (*q.v.*).

There is one point in connection with arbitrations and awards which deserves the most careful consideration, *i.e.*, the provision as to the payment of the costs which is sometimes contained in the agreement for submission. A clause of this character is frequently found amongst the conditions indorsed upon certain insurance policies, and it will be found in many cases that the parties are called upon in any event to agree to pay, each of them, one-half of the fees of the arbitrator or arbitrators. Thus, even the successful party is mulcted in certain costs which he should never be equitably called upon to pay. Any persons who contemplate arbitration in connection with disputes should consider the matter very carefully before assenting to conditions of this character.

ARBITRATION OF EXCHANGE.—The operation by which a merchant pays a debt in one country by means of a bill payable in another. The price of bills payable in different centres is taken into account, and if it is found that it is cheaper to settle a debt in, say, Paris, by means of a bill upon, say, Amsterdam or Berlin, than by a bill upon Paris, the merchant takes advantage of that fact and makes payment accordingly.

Simple arbitration is where only one intermediate place is included in the transaction; where there are several places it is called compound arbitration.

ARCHIL.—Also known as Orchil, which was the original name. It is a violet red colouring substance, similar to litmus, prepared from various kinds of dull grey and coloured lichens. Archil liquor is obtained by the action of ammonia, air, and heat on a decoction of the lichens, the colour being developed by putrefaction. It is soluble in water as well as in alcohol. It is chiefly employed in dyeing silken fabrics, but the colour is fugitive. Archil is obtained from the Levant, the Canary Islands, and Cape Verde Islands.

ARCHITECT.—A person engaged in the designing and the superintendence of the construction of buildings.

There are no special qualifications required for anyone who wishes to practise as an architect, but, as in the case of accountants, every effort is being made to raise the status of the profession, the two principal associations connected with this work being the Royal Institute of British Architects (9 Conduit Street, W.C.) and the Society of Architects (28 Bedford Square, W.C.), from which all particulars may be obtained as to examinations, etc. The former confers diplomas as associates or fellows after examination—A R I B A and F R I B A respectively—and the licentiatehip is granted by election.

An architect is simply an agent, and the general principles of agency are applicable to him. He must use proper skill, as representing himself capable of doing what is generally required from an architect, and he will be liable in an action for damages for negligence. In many building transactions it is customary to pay the builder by instalments, according to the amount of work done. Payment is made upon the certificate of the architect. Any carelessness in giving a certificate, either as to the quantity or quality of the work, will be a clear case of negligence.

Though there is no fixed scale of remuneration, the custom is to charge 5 per cent. on the cost of new work, if exceeding £1,000 in value. An increased charge is generally made if the work to be done is of less value than £1,000. An increased charge is required for alterations to existing buildings, designs for decorations, fittings, and furniture, etc. For the preparation of plans, if the work is never carried out, the charge is one-half the above, with a further one-half per cent. if tenders have been invited and received. Other special work is charged extra, such as negotiations for sites, taking out quantities, etc. If there are repetitions, a modified rate of charge is generally arranged. When work is done by time in connection with extra matters, the minimum charge is three guineas a day, exclusive of all travelling and out-of-pocket expenses. For furnishing or checking a schedule of dilapidations or for estimating, the usual charge is 5 per cent. of the estimate, with a minimum charge of two guineas. There is a special scale, called Ryde's Scale, for valuing and negotiating the settlement of claims under the Land Clauses and other similar Acts.

ARDEB.—(See FOREIGN WEIGHTS AND MEASURES—EGYPT.)

ARE.—This is the name of the unit of the modern French measure of surface. It forms a portion of the decimal system adopted in France.

It is a square, each side of which measures 10 metres, or 32·809 English ft in length. In the measurement of land the hectare, or 100 are, is generally used. The hectare is equal to 2·47, or nearly 2½ English statute acres. (See FOREIGN WEIGHTS AND MEASURES.)

AREA.—The Spanish name, under the Metric system, for "are" (*qr*).

ARECA.—A genus of palm cultivated on account of its nuts. There are two species of areca. One is the *Areca catechu*, also known as the Betel-nut palm or Penang palm, one of the most beautiful trees of the East Indies. The nuts of this palm possess astringent properties, and are imported into European countries for the manufacture of tooth powder. The other species is the *Areca oleracea*, or cabbage palm, a tall tree of the West Indies, cultivated for the sake of its leaves, which are sometimes eaten like cabbages.

ARGENTINA.—Argentina, or the Argentine Republic, occupies the south-eastern portion of South America. In point of size it is second only to Brazil, having an area of nearly 1,150,000 square miles, but it is by far the most progressive of the South American States, and promises to become to that continent what the United States and Canada are to North America. From its northern boundary, the frontier of Bolivia, to Tierra del Fuego in the south, it extends for a distance of about 2,300 miles. Formerly a part of the Spanish dominions, it declared its independence in 1810, though for a short period, in 1806, it was occupied by the British. The government is modelled upon that of the United States, and is composed of fourteen provinces and ten territories. The population is growing rapidly, owing to the large immigration. The immigrants are mainly Italians, and next to them come Spaniards. For various reasons the country has never appealed very much to the British emigrant. In 1915 the people numbered about 8,000,000. The language of the country is Spanish.

Relief. Argentina may be divided into three parts, as follows—

(1) *The Plate Lands.* These lie to the north and north-east of the La Plata estuary, and pass by gradations to the hilly regions of South Brazil. They are watered by the rivers Parana, Paraguay, Pilcomayo, and the Uruguay, which go to form the Plate River itself.

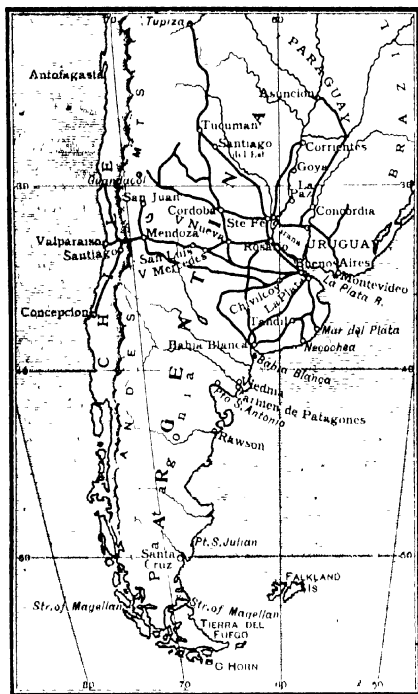
(2) *The Pampas.* These extend from the river Parana to about the 40th parallel of latitude. They are vast, treeless plains, over which herds of cattle roam, but towards the west agricultural pursuits can only be successfully carried on by irrigation.

(3) *The Patagonian Plateau.* This descends from the Andes to the Atlantic Ocean. At one time it was thought that this consisted of mere barren wastes, but since the absorption of Patagonia by Chile and Argentina, it has been found to be interspersed with fertile valleys, fine pastures, dense woods, and every requisite for the support of an increasing population.

Climate. Generally speaking, the climate is that of the warmer temperate latitudes, and is well suited to the immigrants who have come over from Europe. The rainfall in the south is slight, and, as mentioned above, the west is not at all well watered, but in other parts there is everything requisite for making agriculture a success.

Trade. Cattle rearing has been for a long time

one of the main industries of the people, and the exports are largely made up of products derived from this source. Wool is supplied in enormous quantities, and Argentina before the war ranked second only to Australia in the production of this commodity. The quality of the wool has been much improved by scientific breeding, though it is still somewhat coarse, and for this reason the exports were mainly, before 1914, to France,



Germany, and Belgium, in which countries there was machinery better adapted for dealing with it than in Great Britain. Next in importance as an export is frozen meat. The large trade in this has become possible owing to the improvement in refrigerating processes. Ox hides, sheep skins, and tallow swell the value of the exports, and it is stated, from the most recent reliable returns, that the animal products make up one-half of the country's trade. Recently wheat-growing has extended very rapidly, and Great Britain takes about one-fourth of the wheat she requires from Argentina. Maize and linseed are also exported. Among the minerals which are known to exist are silver, copper, gold, coal, salt, and sulphur. The output, however, is still small. Coal mining is being developed, and it appears that not only will Argentina supply all her own wants in the near future, but she will be able to supply all that is required by the neighbouring States. The cultivation of the vine is being fostered, and also sugar-making. The principal imports are iron and steel, and wares made from them, cotton and woollen manufactured goods.

Towns. Buenos Ayres, the capital, stands on the

River Plate, and is the chief seaport of Argentina. The population of the city is about 1,250,000. Until quite recently, the shipping was hampered by reason of the shallowness of the estuary, and large vessels were compelled to anchor some 40 miles away, but great harbour works have been undertaken, and there are docks of excellent capacity.

The increase of Buenos Ayres has meant the decrease of its former port, *Ensenada*. Two-thirds of the trade of the country passes through the capital.

Bahia Blanca, in the south, is a rapidly rising port, and is very advantageously situated, there being a minimum depth of 26 ft. of water alongside the pier.

Rosario, on the Parana, about 210 miles above Buenos Ayres up the river, is now the leading port for the export of grain.

Cordoba is the principal city in the interior, and is the centre of the cattle-rearing industry of the Pampas.

Tucuman, in the north, is interested in the sugar industry.

Communications. The system of the River Plate provides an excellent means of transport, whilst the nature of the country facilitates the construction of railroads. As for the rivers, dredging operations have made it possible for the interior of the country to be placed in close touch with sea communication, at a considerable distance from the Atlantic Ocean. Railways are spreading in all directions, but the lack of a uniformity of gauge is a hindrance to the development of traffic. A notable engineering feat was the construction of the railroad between Buenos Ayres and Valparaiso, by which the long and dangerous sea voyage of 2,000 miles round Cape Horn has been avoided.

Buenos Ayres is 7,160 miles distant from Southampton. There are various mail routes, and the time of transit is about twenty-two days.

ARGOL.—A hard crust or deposit found in wine casks or vats. It is a fine crystalline powder, and is white or red in colour according to the wine contained in the cask. It is an impure bitartrate of potash, and is chiefly valuable in the preparation of tartaric acid, tartar emetic, cream of tartar, and Rochelle salts. Argol is also used for dyeing dark shades. It is largely exported from Portugal.

ARMORIAL BEARINGS.—(See LICENSES.)

ARNICA.—A plant sometimes known as Mountain Tobacco, and found in the mountainous regions of Central and South Europe. It was formerly considered to have peculiar medicinal qualities, being used as a stimulant in cases of fever, ague, and palsy. A tincture is still obtained from its flowers, which is applied to wounds and bruises. The plant also yields quantities of tannin, resin, a volatile oil, and an alkaloid called armin.

AROMATICS.—Substances which are valuable on account of their fragrant odour. Their properties are due to the presence of the essential oils. They are mainly derived from plants, as in the case of camphor, mint, eucalyptus, etc., but musk and a few others are of animal origin. They are used in perfumery and as antiseptics.

The term "Aromatic Series" is applied in chemistry to a large number of chemical compounds (chiefly hydrocarbons) occurring in balsams and other fragrant substances.

AROMATIC VINEGAR.—A refreshing and stimulating perfume which is compounded of strong

acetic acid and various essences. It is valuable as a remedy for headache.

ARRATEL.—(See FOREIGN WEIGHTS AND MEASURES—BRAZIL.)

ARRANGEMENT WITH CREDITORS.—(See DEED OF ARRANGEMENT.)

ARREARS.—Moneys which still remain unpaid after the date of settlement has arrived.

ARREST OF SHIPS.—Whenever an action is commenced with regard to something connected with a ship, *e.g.*, when there is a claim for maritime lien (*q.v.*), or when there is a claim for damages on account of a collision having occurred, the ship may be arrested under the authority of the judge of the Admiralty Division of the High Court of Justice. For this purpose a writ is issued, and a copy of it is nailed to the principal mast. When arrested, the ship is in the custody of a marshal of the Admiralty Court. So long as it is under arrest, the ship cannot proceed on any voyage, but it may be released if proper security is forthcoming to meet the amount of the claim made in respect of the action. The ship, of any recognised Government are, by international law, free from liability to arrest.

ARREST, RIGHT OF.—In proceedings other than criminal, arrest has become nearly obsolete. Under a warrant from the Speaker of the House of Commons—a rare proceeding—arrest is possible, and for contempt of court a judge may order the detention of the person offending. Under certain orders of the court a person may be arrested and imprisoned for offences connected with the Debtors' Act, 1869, or the Bankruptcy Act, 1914, but no person concerned with business in a court of law, or when going to or returning therefrom, may be arrested in connection with any civil proceedings.

In other cases it is essential for a person to have a clear idea of the right of arrest, as any infringement of the law in this respect may subject a person to an action for false imprisonment (*q.v.*) or for malicious prosecution (*q.v.*). Without a magistrate's warrant, a private person may not, at common law, arrest or detain any person, unless he does so upon a charge of felony (*q.v.*), when he sees the offence actually committed, or upon a reasonable suspicion of a person's having committed a felony, if a felony has, in fact, been committed, or for a breach of the peace committed in his presence. This matter of arrest is all important in the case of a servant who is suspected of stealing. An arrest or a detention of a servant upon mere suspicion is illegal, unless it turns out that a theft has been committed, and that there were also reasonable grounds for suspecting the servant having been implicated in the theft. Except by statute, there is no right on the part of a private person to arrest and to detain any other person for a misdemeanour—a breach of the peace, as above noticed, standing in a peculiar position. Thus, a private person may arrest any person found committing an indictable offence between 9 p.m. and 6 a.m., or for offences connected with the cognate. It is, however, advisable, unless the case is perfectly clear, for a private person not to take upon himself the risk attached to arrest, unless he is willing to run the chance of a law suit. The safer course is to apply to a police magistrate for a warrant upon a sworn information, and if this is granted there is no danger arising from false imprisonment, although there is always the chance of an action for malicious prosecution, if it turns out that the person was wrongly accused, and the

accuser had no reasonable and probable cause for his action. This warning is all the more necessary on account of the purely speculative actions which are often commenced under the heads of false imprisonment and malicious prosecution, in which the defendant has no chance of recovering his costs even though he happens to be successful.

The powers of a constable as to arrest are much wider than those of a private individual. Without a warrant a constable may arrest any person whom he suspects of having committed a felony, even though no felony has in fact been committed, and in so doing he is entitled to act not only upon his own knowledge, but upon information which has been given to him by others. Generally speaking, a constable may not arrest on a charge of misdemeanour without a warrant, except for a breach of the peace committed in his presence, or in the presence of some other person who gives the prisoner in charge, and then only if there is a danger of the breach of the peace being immediately renewed. There are, however, many exceptions to this rule, special powers being given to constables by various Acts of Parliament. When a constable arrests a person under a warrant, he must have the warrant in his possession to show his authority at the time of the arrest.

In order to effect an arrest, a constable may call upon a private person to assist him in the performance of his duties, and any failure to do so renders the offender liable to punishment.

In arresting for an indictable offence under a warrant, a constable may execute the warrant on any day of the week, including Sunday, and at any hour of the day or night, and when there has been a refusal of admission to any premises upon which the person named in the warrant is supposed to be, he may break open both the outer and the inner doors in order to effect the arrest.

ARROBA.—(See FOREIGN WEIGHTS AND MEASURES—BRAZIL.)

ARROBA MAJOR.—(See FOREIGN WEIGHTS AND MEASURES—SPAIN.)

ARROWROOT.—A species of starch which is obtained by macerating and washing the tubers of various plants. Potatoes are the source of English arrowroot, but the best kind is derived from the *Maranta arundinacea*, a West Indian tree. Great Britain's immense supply comes mainly from the Bermudas. An inferior quality is obtained from the *Coccoloba*, a tree grown in the East Indies.

When prepared, arrowroot is a light, opaque, white powder, which crackles when rubbed. Although odourless in a dry state, it has a peculiar smell when dissolved in boiling water. Being easily digestible, it is in great demand as a food for invalids and children.

ARSENIC.—A chemical element, which, though occasionally found native, usually occurs in combination with sulphur and the metals, from which it is obtained by roasting the ore. Arsenic is a brittle, crystalline substance of a steel grey colour, and with a metallic lustre. It is frequently used in the arts for the purpose of hardening other metals, and a small portion is mixed with the lead in shot-making with the same object. Arsenic forms the basis of many compounds used medicinally. Some of these are applied externally for the destruction of warts, etc., while others are taken in minute doses as a remedy for rheumatism and skin diseases, or as a tonic. In certain forms, however, arsenic is a deadly poison.

ARSENIOUS ACID.—Also called Arsenious anhydride or white arsenic. It is the best known of all the compounds of arsenic, and is extremely poisonous. It is a volatile, white solid, and is very slightly soluble in water. Arsenious acid is employed in medicine and the arts, but great care must be exercised in its use, as its inhalation may lead to chronic poisoning. It is sometimes administered in small doses to horses in order to render their skins more glossy.

ARSHIN.—The Turkish equivalent of the metre (*q.v.*).

ARSHINE.—(See FOREIGN WEIGHTS AND MEASURES—RUSSIA.)

ARSON.—This offence is a felony of a most serious character, and is punishable with various terms of penal servitude, from life downwards, and also with whipping if the offender is under the age of sixteen, according to circumstances. The crime is roughly defined as the unlawfully and maliciously setting fire to property, and it is immaterial whether there was or was not an intent to injure or defraud any person in particular attendant upon the setting fire. For a full account of the varying punishments which follow, according to the nature of the property fired—and to constitute the crime of arson there must be an actual firing—reference must be made to the Malicious Damage Act, 1861.

To set fire to ships of war or naval or military stores is a capital offence, *i.e.*, punishable with death.

ARTATA.—(See FOREIGN WEIGHTS AND MEASURES—PERSIA.)

ARTICHOKE.—An edible legume derived from the thistle-like plant *Cynara scolymus*. This is known as the globe artichoke, and is a native of Barbary, though not grown largely in South Europe. It is the flower-head of the plant, which is the article of commerce throughout the world.

The Jerusalem artichoke (*Helianthus tuberosus*) is a totally different plant, being a species of sunflower, with tubers resembling those of the potato, and valuable as a food on account of the starch they contain. It is a native of North America, and was introduced into Europe at the beginning of the seventeenth century.

ARTICLES OF ASSOCIATION.—The memorandum of association (*q.v.*) of a company has often been described as the charter of the company, and it is, in fact, the dominant instrument in the formation of a joint stock company. But it is necessary that, in addition to the memorandum of association, which designates the general scope of the company, there should be in existence certain rules for the internal regulation of the business. These rules are called articles of association. The articles are, as it were, the by-laws of the company, and make provision for the issue of shares, the holding of meetings, the number and the qualifications of the directors, the auditing of accounts, the payment of dividends, etc.; in fact, they set out the mode and form in which the business of the company is to be carried on and the mode and form in which changes in the internal regulations of the company may from time to time be made. Articles of association correspond, indeed, to the articles of partnership of a private business conducted by individuals. They are supplementary to the memorandum of association; and every person who has any dealings with a company, whether as a member, as a creditor, or otherwise, is presumed to have constructive notice

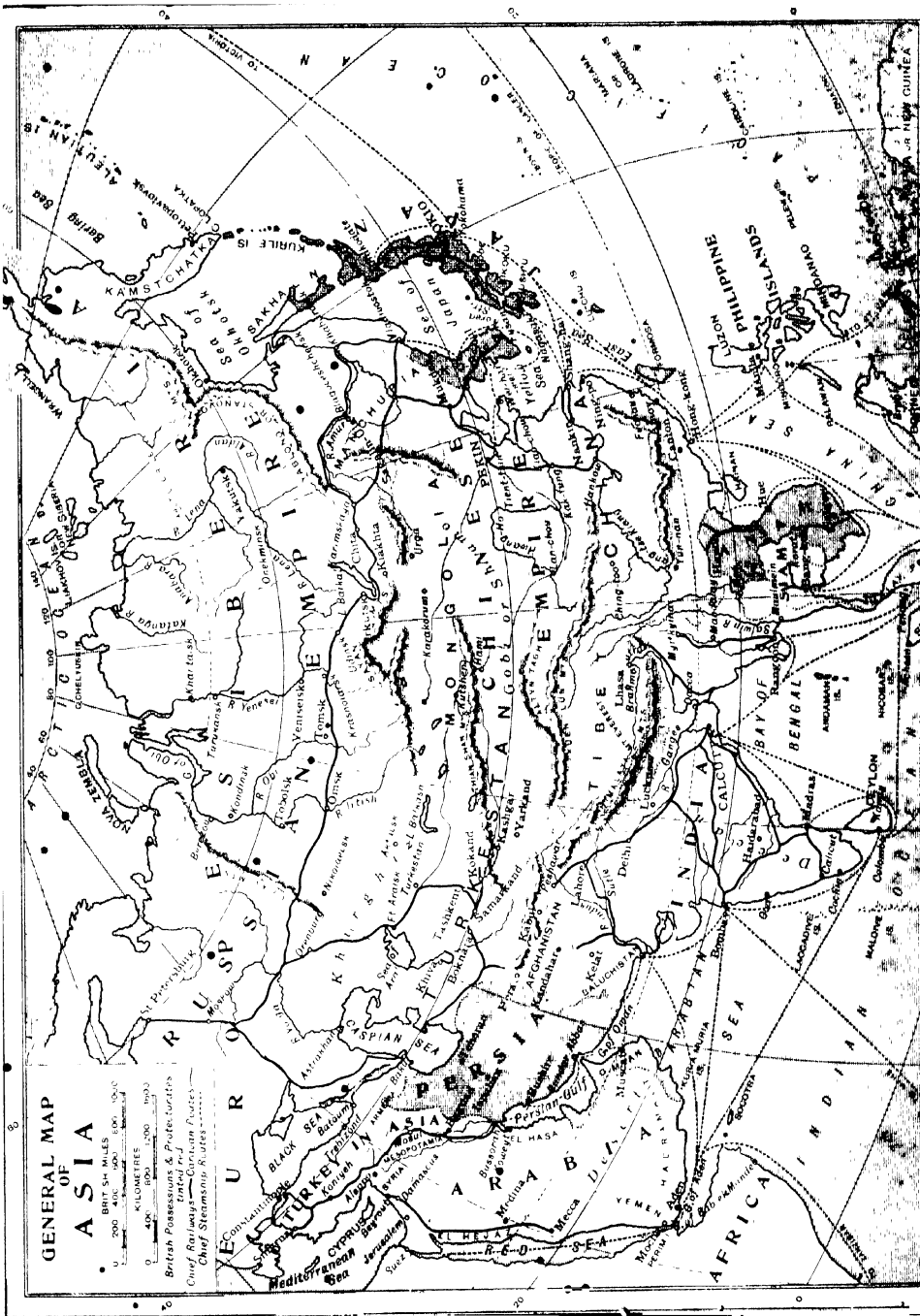
both of the memorandum and of the articles as far as regards the external position of the company.

When a company is limited by guarantee, or when it is a company which is unlimited, it is necessary that the memorandum of association should be accompanied by special articles of association; when application is made to register the company, the Companies (Consolidation) Act, 1908, must be carefully consulted on this point. But in the case of companies which are limited by shares, the Act of 1908 supplies, in its first schedule, a special table, which may be adopted, in whole or in part, as the articles of association of the company. (See TABLE A.) It is very rare, however, for any but small companies to adopt Table A in its entirety, and it would be unwise for a company of any considerable dimensions to do so. If this were to happen, a company might easily find itself most seriously hampered in its operations, especially when there are many diverse and complicated interests involved. Even though some of the regulations of Table A are incorporated in the articles, it is just as well to have the whole set out and not simply to make reference to them.

The articles must be drawn in separate paragraphs and numbered consecutively. Their number will vary according to the business of the company, and no general rule can be laid down as to what they should contain, though it is the common practice to insert clauses which regulate the general business of the company in reference to the division of its capital, the issue of shares, the manner in which calls are to be made, the rights of forfeiture of shares for non-payment of calls, borrowing powers, meetings, voting, the position of directors, dividends, accounts, etc.; and, lastly, the distribution of the assets of the company when it comes to be wound up. The articles must be printed, they must be stamped as a deed, *viz.*, with a ten-shilling stamp—though it must not be forgotten that there are other fees to be paid upon registration—and they must be signed by the subscribers of the memorandum of association. The signature of each subscriber must be attested in the same manner as the memorandum of association by some person other than a subscriber.

It is provided by the Act of 1908 that, when registered, the articles of association bind the company and the members thereof to the same extent as if each member had signed and sealed them; and as if there were contained in such articles a covenant on the part of each member, his heirs, executors, and administrators, to observe all the provisions of the memorandum and of the articles, subject to the provisions of the Act; and all money payable by any member of the company under the memorandum or the articles is held to be a debt due from him to the company, and in England and Ireland it is of the nature of a specialty debt (*q.v.*). Thus, when any moneys are due from any member who has signed the articles of the company, the debt is not barred by the Statute of Limitations until twenty years have elapsed from the last acknowledgment of the debt. The section of the Act of 1908 (Section 14), which is here referred to, is of great importance, but the full extent of its meaning is not free from doubt.

The articles of association are controlled by the memorandum of association, which is the instrument indicating the purposes for which the company is established. Thus, in one case it has been stated: "The memorandum is, as it were the



area beyond which the action of the company cannot go; inside that area the shareholders may make such regulations for their own government as they think fit. . . . The articles of association play a part subsidiary to the memorandum of association. They accept the memorandum of association as the charter of incorporation of the company, and, so accepting it, the articles proceed to define the duties, the rights, and powers of the governing bodies as between themselves and the company at large." Hence, if the sphere of action of the company is exceeded by the terms of the articles, the latter will be inoperative to the extent of the excess, and nothing that is done under the articles is capable of ratification. Thus, any such provisions as the following, conferring upon a company the power to purchase its own shares, to pay dividends out of capital (except under special circumstances), to issue shares at a discount, to make the articles of the company unalterable, to deprive a member of the right of presenting a winding-up petition, or to take away from members or shareholders any of their statutory rights, are of no avail. It has been said that the articles of association may be utilised for the purpose of explaining the memorandum of association, if the latter is in any way doubtful or ambiguous, and so control it to that extent, but this is doubtful.

The articles of association are sometimes known as the "regulations" of the company. It has been decided judicially that the regulations have the same meaning as the articles.

Except in so far as it is provided for by statute, the memorandum of association is unalterable. The articles, on the contrary, may be changed at any time. To effect an alteration, a special resolution (*qv.*) must be passed, and by means of it all or any of the regulations of the company contained in its articles, or in Table A, as the case may be, may be altered, or new regulations may be made to the exclusion of, or in addition to, all or any of the regulations. The old articles will then be replaced by the new ones, and the new ones will have the same validity as those which were originally framed. Similarly, the new articles may be altered in their turn if it is thought advisable. When such an alteration is made, a copy of the special resolution must be printed and forwarded to the registrar to be recorded by him within fifteen days from the date of the confirmation of the resolution. Any failure in this respect renders the company liable to a penalty not exceeding £2 for every day after the expiration of the fifteen days during which omission is made in forwarding such a copy, and every director and manager of the company who knowingly and wilfully authorises or permits default to be made is liable to a similar penalty. On filing a special resolution with the registrar, as well as in the case of filing any other document required by statute, a fee of 5s is payable. A company cannot contract itself out of its statutory powers of making alterations in its articles, even by an agreement independent of and outside the articles.

The powers of altering the articles of association of a company are very wide, but they must not go to the extent of conflicting with the powers given by the memorandum of association, nor must they fraudulently affect a minority of the members. The effect of the alteration may be made retrospective. Various illustrations might be given of the limitation imposed upon the powers

conferred by Section 13 of the Act of 1908 as to the alteration of the articles of association of a company by special resolution. One, the latest in point of time, must suffice—*Brown v. British Abrasive Wheel Co. and others*, 1919, 35 T.L.R. 268. In this case a company sought to hold meetings to pass a special resolution to add to its articles of association an article by which the holders of nine-tenths of the issued shares might call upon any shareholder to sell or transfer his shares to the nominees of the majority at a fair valuation or at par, whichever was the greater. At the time in question, two of the shareholders had acquired over 49,000 shares out of the total 50,000. Mr. Justice Astbury granted an injunction restraining the company from holding the proposed meetings, as he held that the article was capable of being utilised in such a manner as to benefit solely the two large shareholders and to destroy the rights of the remainder.

The importance of every member of a joint stock company being made acquainted with the contents of the memorandum and of the articles of association renders it necessary that copies should be obtainable at a cheap rate. The Act of 1908 provides that a copy of the memorandum of association, having annexed thereto the articles of association (if any), shall be forwarded to every member at his or her request on payment of a sum of 1s, or such less sum as may be prescribed by the company for a copy. Failure to supply a copy to a member upon a requisition being made renders the company liable to a fine of £1 for each offence. If any alteration has been made in the articles, a copy of the special resolution altering the same must be attached under a similar penalty, though after an alteration has been made any director or the manager may be liable for a default in this respect as well as the company.

There are many other matters connected with articles of association, but these are mainly connected with special points touching companies, and they are noticed under separate headings. There is no better method of gaining a practical acquaintance with articles of association than by obtaining copies from different companies—a matter of very little difficulty. This will be much more satisfactory than attempting to master any ordinary book of precedents. The choice should be exercised equally between small companies and companies which carry on an extensive business. The comparison will be most useful, and a constant reference to these documents will help to make the various statements contained in books devoted to company law much easier of comprehension.

It is not wise to entrust the preparation of articles of association to unprofessional men. Many small companies, especially private companies, are incorporated by persons who have no professional advice. So long as all goes well and business is flourishing, difficulties will not have to be encountered; but the risk is always considerable.

ARTIFICIAL FLOWERS.—(See FLOWERS, ARTIFICIAL.)

ARTIFICIAL FUEL.—(See BRIQUETTE.)

ARTISANS' DWELLINGS.—It was about the middle of the last century that public opinion began to be interested in the dwellings of the poor. The great Earl of Shaftesbury had lifted up his voice on their behalf. Miss Octavia Hill and other pioneers of social reform had busied themselves to the same end. It was at this time, too, that men began to

think of open spaces wherein the toilers in great cities might spend their playtime, and of allotment grounds in which men might follow their gardening instincts, and raise up unto themselves the kidney bean, the cabbage, and the potato. Voluntary associations for the betterment of humble dwellings sprang into life. The Metropolitan Association for improving the dwellings of the industrial classes was founded in 1841. About this time, also, was established the Society for Improving the Condition of the Labouring Classes, of this society the Prince Consort was president, and a small block of model dwellings, which he caused to be built, may be seen to-day—a pleasant, ivy-clad retreat in Kennington Park.

Private Enterprise. An Act of Parliament, known as the Shaftesbury Act, was passed in 1851. This statute entrusted the local authorities with the duty of bettering the workman's dwelling. At that time, however, the local authority was slow to act, and the needs of the artisan were left to private benevolence, tinged with commercial principles. A great philanthropist, George Peabody, left large funds to provide model dwellings for the people, and the Peabody buildings are models by which county councils have profited in the present day—profited, in the sense of imitation and of improvement, in the interests of the people.

As soon as public opinion had grown really alive to the facts, it was discovered that families were huddled together, like cattle, penned in ill-lighted, evil-smelling, and unsanitary courts and alleys—places where disease, filth, and immodesty roted. With the dawn of a higher sense of social duty, the various authorities concerned began to build noble and costly tenements on the site of foul rookeries, all over the densely populated parts of the metropolis. At the same time, better means of locomotion were provided, so that the worker could live comfortably, in purer air, on the outskirts of London. The tramway system of the London County Council, the tube railways, boring then way in every direction, made it possible to erect model tenement dwellings far from the centre of London, and quick services, and cheap fares, have entirely altered, for the better, the home life and surroundings of the working man.

Garden Suburbs. The good work begun by the "Costers' Friend," as Lord Shaftesbury was called, has finally culminated in the erection of garden suburbs within the limits of the metropolis, and a home of comfort and beauty has been evolved for the worker beyond the dreams of the pioneers of housing reform. In the provinces, private firms have erected beautiful homes for their workpeople, two notable instances being the garden cities erected by Messrs. Cadbury near Birmingham and by Messrs. Lever at Port Sunlight.

This great change for the better is going on everywhere in our cities and towns. The movement has spread all over Europe, and model dwellings for the worker can now be found in every great city upon the Continent.

Local Authorities. The various local authorities, in whom is vested the duty of destroying the insanitary houses of the poor, and of building new homes, are the following: Urban and rural district councils, county councils, and the Common Council of the City of London. An urban district will include a borough or a city outside the limits of the metropolis. The Metropolitan borough councils also undertake the duty. The provision of proper sanitation

is enforced by the Public Health Act, 1875, and its later amendments, and by the Public Health (London) Act, 1891. Where the circumstances admit of it, earth closets in country districts may be substituted for water closets; but earth closets, in practice, would never be found in a modern artisan's dwelling.

No person is permitted to live in a cellar, unless it is 7 ft. in height from floor to ceiling, and 3 ft. of that height must be above the street level. Such a cellar must have proper drainage, a water or earth closet, an ashpit, and a fireplace. If there have been two convictions for overcrowding in any house, the justices may order such house to be closed. The local authority has power to purchase premises for the improvement of streets and districts. Power is also granted to the local authority to make by-laws as to the building of houses, their ventilation, and the air space around them.

The Public Health (London) Act, 1891, declares the following to be nuisances: Any premises injurious or dangerous to health, or any house dangerously overcrowded. The nuisance must be made to cease, or penalties will be inflicted, or the house may be closed. The Sanitary Authority for the City of London is a committee appointed by the Common Council. Outside the City, the local authorities are the London County Council and the metropolitan borough councils.

The Housing of the Working Classes Acts. The great Act which deals with the subject of this article is the Housing of the Working Classes Act, 1890. If the local authority is satisfied that a certain district is unhealthy, a scheme may be prepared for its improvement. Houses, courts, and alleys may be destroyed, condemnation will follow if there is narrowness, closeness, bad arrangement, want of light, air, or ventilation, or any other condition dangerous to health. Great power is placed in the hands of the medical officer of health to call the attention of the local authority to unhealthy housing conditions. If the working classes are displaced by the improvements carried out, then the local authority must provide new dwellings for them. The scheme is approved by a Secretary of State if it concerns the county or the City of London. Outside the London area the sanction of the Local Government Board is required.

The dwellings to be provided for the working classes shall be, if possible, upon the spot where the unhealthy dwellings used to be, or near at hand. If the local authority thinks fit to erect dwellings some distance away from the unhealthy area, they are empowered to do so. The local authority may lease the land upon which the dwellings shall be built, and arrange for other parties to carry out the scheme of building, but the work done must satisfy the local authority in every way. If the medical officer fails to complain of an unhealthy area, twelve ratepayers may do so, and, if necessary, may appeal to the Local Government Board. The local authority may acquire land by compulsion for the purpose of building artisans' dwellings, but they must pay the market price for the land they take, in addition to paying compensation to an extent to be agreed upon.

The fund to meet the expenses of the scheme is called the Dwelling House Improvement Fund. All receipts from the property are placed to this fund, and if there is a deficiency it must be made good out of the local rates.

The Duty of the Medical Officer. It is the duty



PRODUCT MAP
OF
ASIA

BRITISH MILES
0 200 400 600 800 1000
British Possessions shaded diagonally
or underlined

LONGITUDE EAST OF FROM GREENWICH

of the medical officer of health of every district to report to the local authority any dwelling-house which is unfit for human habitation, or four householders living near by may write and complain to the medical officer, who will then inspect the dwelling-house and report upon it. If the dwelling-house is unfit for habitation, justices of the peace may make a closing order. The local authority may then, if it thinks fit, order the owner to pull the dwelling-house down. The costs and loss to the owner are to be repaid to him out of the income derived from the land. If a building stops ventilation, or makes another building unfit for habitation, or prevents measures being taken to remedy any nuisance in another building, then, after the medical officer, or four householders, have complained, the local authority may, if it is satisfied, cause the obstructive building to be pulled down, and proper compensation will be awarded to the owner either by agreement or by arbitration.

The Fate of the Unhealthy Building. When the unhealthy or dangerous buildings have been pulled down, the local authority may decide to make the land on which the houses stood into an open space, or a highway, or dwellings for the working classes, or the land may be exchanged for neighbouring land more suitable for the purpose. The local authority may borrow any money required to purchase the land on which the condemned houses stand, and for paying compensation to the owners.

Any one of the metropolitan borough councils, or the Common Council of the City of London, may pull down unhealthy houses or streets, buy the land on which such houses stand, pay compensation to the owners, build model dwellings on the site, or on a more suitable site, and they may borrow money for the purpose.

Meaning of Lodging-house. A lodging house for the working classes means a separate house or cottage, or a large block containing many separate tenements. A cottage may include a garden of not more than half an acre.

Lodging-houses built by private subscription or enterprise may be purchased by the local authority, who may also convert any buildings into lodging-houses, and fit them up and furnish them. The rent charged by the local authority must be reasonable. Persons who receive poor relief are not eligible to be tenants. The Housing of the Working Classes Act of 1890, which is being here summarised, applies to Scotland and Ireland.

Definition of "Working Class." The Housing of the Working Classes Act, 1903, defines the working class as being: Mechanics, artisans, labourers, and others working for wages; hawkers, costermongers, persons not working for wages, but working at some trade or handicraft without employing others, and persons whose income does not exceed an average of 30s. a week.

The Housing, Town Planning, etc., Act, 1909. A very recent statute which deals with the subject-matter of this article is the Housing, Town Planning, etc., Act, 1909. It provides that the owners of great estates may erect dwellings available for the working classes on their settled land, if such an arrangement is not injurious to the tenant for life. The local authority may receive a donation in money or land for housing purposes. When a house is let, it shall be a condition implied by statute that it is reasonably fit for human habitation. This condition applies to houses let at £40 a

year in London, £26 in a borough or urban district with a population of 50,000, and £16 elsewhere.

It is not lawful to erect any houses for the working classes back to back; this does not apply to tenement houses in which each set of rooms must, of necessity, be placed back to back with some other set. The medical officer must see to it that each separate room has sufficient ventilation. Nor does this rule apply to houses built before the Act was passed. Every county council shall establish a public health and housing committee, to which the building of artisans' dwellings, as well as other kinds of buildings, must be referred. This rule does not apply to Scotland nor to the London County Council. The Act of 1909 does not apply to Ireland.

Average Weekly Rents. The cost of living of the working classes is summarised in an elaborate report by the Board of Trade, published in 1908 (cd. 3864). The report consists of 616 pages, and the limits of this article will only permit of one or two typical figures: Weekly rents (October, 1905)—Battersea, two rooms, 5s. to 6s. 6d.; four rooms, 8s. 6d. to 10s. 6d.; Wimbledon, three rooms, 6s. to 8s.; Birmingham, three rooms, 3s. 6d. to 5s.; Bristol, four rooms, 4s. to 5s.; Liverpool, three rooms, 5s. to 6s.; Manchester, "two up and two down," 4s. 6d. and 5s.; Newcastle-on-Tyne, two rooms, 4s. to 5s. 3d.; three rooms, 5s. 3d. to 6s. 6d.; Southampton, four rooms, 5s. to 7s.; Swansea, two rooms, 2s. 6d. to 4s. 6d.; three rooms, 3s. 6d. to 4s. 9d.; Edinburgh, one room, 1s. 9d. to 3s. 7d.; four rooms, 3s. 1d. to 5s. 8d.; three rooms, 5s. 4d. to 7s. 6d.; Glasgow, one room, 2s. 4d. to 2s. 10d.; two rooms, 3s. 11d. to 4s. 5d.; three rooms, 6s. to 7s. 4d.; Dublin, one room, 2s. to 3s.; two rooms, 3s. to 4s. 6d.; three rooms, 4s. to 6s.; Belfast, three rooms, 2s. 6d. to 3s. 6d.; four rooms, kitchen houses, 3s. to 4s.; parlour houses, 4s. 6d. to 5s. Houses or tenements with more accommodation are rented in proportion. Rents in London are generally higher than those of the rest of the country. Edinburgh rents are only slightly higher than those for the rest of Scotland. The rents in Dublin are much higher than in other parts of Ireland. Outside London, the rents in England and Wales are fairly uniform. Houses of four or five rooms, and a separate scullery, but not large tenement blocks of dwellings, are the typical dwellings of the English working classes.

Naturally, the above statistics have not taken into consideration—in fact, they could not—the conditions created by the Great War, and these are of such a character that great changes may be anticipated at an early date. The proper housing of the working classes is one of the outstanding planks of the Platform which was elected in December, 1918, and already a Bill has passed the House of Commons with this object in view.

ASAFOETIDA.—Also spelt Assaf-etida. A gum resinous exudation obtained from the milky juice of the *Ferula asafoetida* and the *Ferula narthex*. When decomposed, it has an objectionable smell similar to that of garlic, and due to the presence of sulphuretted hydrogen. Hence its name, which literally means "fetid gum."

Asafoetida is a product of Persia and Afghanistan and is useful in medicine on account of its stimulating and antispasmodic properties. It is employed in cases of hysteria, flatulence, and chronic catarrh, and is also used in India in the preparation of curries and condiments.

ASBESTOS.—This is a mineralogical term for an

incombustible material which is obtained from varieties of hornblende or pyroxene. These occur in long, slender crystals, placed side by side, so as to produce a flexible, fibrous mass. Its chief constituents are silica, magnesia, lime, and oxide of iron. In colour it is usually white or gray, and possesses a silky or glossy lustre. The finest variety is called *Amanthus*, i.e., "unpolluted," because cloth made from it was cleansed by passing through fire. The meaning of the word "asbestos" is "indestructible," and its most remarkable property is resistance to flame. From very early times it has been employed in the manufacture of fireproof cloth, and it is now a valuable substance for many engineering and mechanical purposes. In various forms it is used for the making of steam-joints, for filling the stuffing boxes of engines for chemical filters, for covering steam-pipes, for rendering buildings fireproof, for lining the engine-rooms of steamships—since it is a non-conductor—and for covering the wires used in electric lighting. It is also employed in the construction of gas stoves and of fireproof safes, and for making lamp wicks, and it is frequently used in chemistry, instead of platinum wire, for flame tests. Its uses will no doubt become still more varied, as its valuable properties become better known. The best *amanthus* is obtained from old crystalline rocks in Corsica, Cornwall, and Scotland; but the ordinary article of commerce is supplied by Canada, Italy, New South Wales, and Tasmania.

ASCENSION.—This is an island which has been a British possession since 1815, situated in the South Atlantic Ocean, about 760 miles north-west of St. Helena, and 900 miles off the African coast. Its area is 38 square miles, and its population is about 130, twenty-two of whom are employed in the service of the Eastern Telegraph Company. It now possesses a steam factory, naval yards, and a coaling depot. Recently it has been strongly fortified. Ascension is little more than a coaling and victualling station for the African squadron of the British Fleet, and the island itself is entirely under the control of the Board of Admiralty. Its external trade consists almost exclusively in the export of green turtles, and the imports are of little importance, seeing how small is the community. The Eastern Telegraph Company uses it as a connecting link between Europe and South America. There is only one good anchorage, at *Georgetown*, which is dignified with the title of capital.

Mails are despatched from Great Britain once a month, and the time of transit is fourteen days.

ASIA.—The continent of Asia is the largest of the continents of the globe. It may be called a "continent of excesses." Besides being first in point of size, it contains the greatest heights and the deepest depressions, and it is also more nearly connected with the other great divisions of the world than any of the other continents. It is actually in contact with Europe for a great distance, it is only artificially divided from Africa by the Suez Canal; and in the north-east it closely approaches the land of North America. In Asia are to be found the places which have the greatest cold as well as the greatest heat; and, again, it is more densely peopled than any of the other continents, and contains inhabitants of the utmost diversity of race and language.

Asia is bounded on the north by the Arctic Ocean, on the east by the Pacific, and on the south by the

Indian. On the west are the Red Sea, the Mediterranean, the Black Sea, and the Caspian; but the Ural mountains, which would seem to be the natural land boundary, are not the real boundary, as Russia—or, rather, what was Russia—makes Asia begin to the east of these mountains. The greatest length from north to south is nearly 6,000 miles, whilst the greatest breadth is about 5,400 miles. The area, including the islands, is computed at 17,500,000 square miles, greater than North and South America together, and between four and five times the size of Europe. Its coast line is over 50,000 miles in length, but of this about one-fifth is useless for commerce on account of its situation in the Arctic Ocean. The population is estimated at 900 millions, i.e., more than one-half of the total inhabitants of the globe. China and Japan are the countries which contain the greatest number of people, and the density of the population in these countries is supposed to be greater than that of Belgium, the most thickly populated of all European countries. The Caucasian and the Mongolian races are the chief types to be found in Asia, though the Malay race is far from insignificant from a numerical point of view. Of these races, the Mongolian—the yellow race—embraces three-fourths of the total population.

Relief. From the great mountain ranges in the centre of Asia, the land descends in the north towards the Arctic Ocean. Consequently, Siberia suffers from the utmost severity of cold in the winter, although it has a period of warm weather during the summer months. Being composed of rocks and forest growth, steppe-land and frozen tundra, this great territory, which formerly formed a considerable portion of what once was the Russian Empire, is very thinly peopled and at present of no real commercial value. In the centre of the continent, on the northern boundary of India, are the Himalaya mountains, with some of the highest peaks in the world, Mount Everest being over 29,000 ft. high and Kunchungja over 28,000 ft. From the north-western extremity of the Himalayas stretch the Hindoo Koosh and the Suliman Mountains, which divide India from Afghanistan and Baluchistan, in one direction, whilst in the other the Thian Shan, the Kuen Lun, and the Karakorum extend into Thibet and China. North of the Thian Shan are the Altai Mountains, whilst north-east of the last-named are the Yablonoi and Stanovoi, which reach almost to Behring Straits. Much of the southern portion of Asia is elevated, and the mountainous regions of India and China will be noticed more in detail in separate articles. In the west are the Plateau of Iran, in Persia, and the Plateaux of Asia Minor and Arabia.

The rivers of Asia are the largest of those of the Old World. The Obi, the Yenesei, and the Lena flow through Siberia into the Arctic Ocean. The first-named is 2,600 miles in length, whilst the other two are each over 3,000 miles. Except, however, in southern Siberia, where they are utilised for local traffic, they are of no commercial importance whatever, owing to their position. The Amoor, which flows into the Gulf of Tartary, is also 3,000 miles in length. The great rivers of China are the Yang-tse-kiang and the Hoang-ho. The former is about as long as the Yenesei, the Lena, and the Amoor, whilst the latter has a length as great as the Obi. The Mekong, which drains Siam and Cambodia, is said to have the largest volume of any river in Asia.

After the Irrawaddy, which is the principal stream of Burmah, there are the great streams of India, the Ganges, and the Indus, the former being joined near its mouth by the Brahmapootra. Last of all are to be noticed the Tigris and the Euphrates, which are the principal rivers in the western part of the continent. Each of these rivers is noticed in greater detail under separate articles dealing with the countries through which they flow, whilst their positions and their courses are indicated sufficiently for present purposes in the accompanying map of Asia.

The lakes of Asia are in striking contrast to those of Africa and North America, i.e., as far as fresh water lakes are concerned. The Caspian Sea and the Sea of Aral are the largest in point of size, and the only other lake which requires notice here is Lake Baikal, in Siberia, the largest fresh water lake of the Old World.

Geology. Although the geology of Asia is but imperfectly known, there has been enough gathered from recent surveys and travels to confirm the belief that every formation is there displayed, and this frequently on a most gigantic scale. All the economic minerals and metals are found within one or other of its countries. The precious metals and gems also occur in abundance, and though less noted for its coal and iron than Europe and North America, it has still enough in India, the Indian Archipelago, China, and Japan to form the basis of a successful mechanical and manufacturing industry.

Climate. A continent stretching over three great continental zones—torrid, temperate, and frigid—must necessarily exhibit great diversity of climate, and this diversity is rendered still more remarkable by the lofty tablelands, arid deserts, and snow-clad mountain masses that occupy so large a proportion of the central region. On the whole, the continent of Asia does not enjoy the same modifying and tempering influences as Europe. A large proportion is situated on the confines of the polar circle, where the winter's ice is gradually accumulating and overmastering the summer's heat; a still larger section is raised to an enormous altitude, and placed permanently under snow and glacier. Its mass lies comparatively unbroken by intersecting and tempering seas; it has no burning sandy tracts in the south to send warm breezes, as the Sahara does to Europe. The Japan Current, whose genial waters lave its eastern coast, is of minor volume compared with the Gulf Stream, and even its southern or tropical districts are cooled by the winds that blow from the snow-clad central mountains. It possesses, therefore, an excessive climate, that is, very hot in summer and very cold in winter. In the west, in the region of the Caspian and Aral Seas, in Arabia and Iran, and the adjoining part of India, the rainfall is so slight that desert conditions prevail, and agriculture is carried on only where there are rivers flowing from rainier regions. Further east is the high Desert of Gobi. The south and north-eastern countries are in the monsoon regions of India, Indo-China, and Southern China. In summer the monsoon blows from the ocean, bringing copious rains. In winter the land monsoon blows, giving, as in India, a dry, cool season.

Flora and Fauna. Among the fruits of Asia may be mentioned the grape, orange, shaddock, lemon, lime, tamarind, mangosteen, fig, mulberry, olive, pomegranate, walnut, almond, cocoa, date, breadfruit, cashew, betel, banana, pineapple, melon, quince, apricot, peach, and all the garden fruits

known in Europe. Among grains and cultivated roots—maize, rice, wheat, durra, barley, peas, beans, lentils, and other leguminous seeds, potatoes, yam, lotus, arrowroot, etc. Among spices and kindred products—cinnamon, nutmeg, clove, pepper, camphor, cassava, tea, coffee, sugar, sago, etc. Among drugs, dye-stuffs, fibres, and the like—indigo, anatto, saffron, cinchona, gamboge, galls, poppy, rhubarb, aloes, gums, hemp, jute, cotton, and many others, while among the forest and ornamental trees may be noticed the teak, cedar, sycamore, cypress, mangrove, bamboo, banyan, plantain, coconut, and other palms, along with ebony, ironwood, box-wood, sandal-wood, and others of a kindred nature.

The animals of Asia excel both in nobleness of form and in numbers. Among the mammals may be noticed the apes and monkeys of the south; the lion, tiger, elephant, rhinoceros, and tapir of India; the wolf, hyæna, jackal, blue and black fox, and numerous varieties of dogs; the horse, ass, and camel of the central and western plains; the common ox, buffalo, aurochs, yak, and musk ox; the elk, reindeer, antelope, axis, argali, ibex, goat, sheep, mutton, etc.; porcupine, jerboa, marmot, lemming, beaver, bat, ermine, etc.; together with bears, badgers, gluttons, sea-otters, seals, sea-cows, and other cetacea. Her seas, lakes, and rivers are stocked with valuable food-fishes, though less notably than those of Europe. Red coral, mother-of-pearl, and pearls are fished from the gulls, and among her special insect products may be noted her silk, honey, beeswax, cochineal, gall-nuts, lac, and other kindred substances.

People. As already noticed, the continent of Asia is occupied by three of the main races of mankind—the Caucasian, the Mongolian, and the Malay. The first inhabit the south and the west, the second the north and the east, and the third are distributed over the south-eastern region and the adjacent archipelago.

ASPARAGUS.—A genus of *Liliaceæ* of which there are some sixty or seventy species. The common asparagus (*Asparagus officinalis*) is a native of Europe, and is cultivated for its young shoots as a garden vegetable. It is raised from seed sown in spring, and flourishes best in a rich, fresh, sandy soil. Owing to the great care required in its cultivation, the price is often high. Although asparagus is grown in England to a considerable extent, large quantities are imported from France, which is a larger centre of cultivation.

AS PER ADVICE.—This is a phrase which is frequently met with in bills of exchange. When written upon a bill the meaning is that notice has already been sent to the drawee that the bill which he now receives would be drawn upon him.

ASPHALTE.—A fossil hydrocarbon, sometimes known as Mineral Ash, obtained from mines. It is found either on the surface or embedded in the earth, and is said to be a product of the distillation of carbonised vegetable matter, by the action of subterranean heat and moisture in the absence of atmospheric air. It is a composition of pitch, earthy, elastic and compact. There are two chief varieties, rock asphalt and soft asphalt. A mixture of both together with other constituents is required for paving roadways and cementing roofs. It is also used as a lining for cisterns and iron pipes, and a varnish is prepared from the soft variety. Immense quantities are imported into Great Britain,

mainly from Trinidad. The asphalt of California is also noted.

ASSAULT.—An assault is an offence which is constituted by an offer or a threat of personal violence by one person to another, under such circumstances that there is shown to be an intention on the part of the offender to carry out his threat, and a present ability to accomplish the same. There is no need of physical contact, for if violence is actually used, the offence is battery, though the name "assault" is very commonly applied to cases of battery. It is obvious, therefore, that assault may be constituted in many ways, and an enumeration of all the various acts which have been held to fall within the category would run to an inordinate length; but there must be a threat of violence. Mere words, no matter how abusive, can never amount to an assault.

Any person who is actually struck, or who is threatened in such a manner that he is actually in danger, is justified in using force to resist his assailant, but a difficulty often arises from a legal point of view, because the amount of force allowable in self-defence is proportionate to the force actually used by the offender in the first instance, and it must be strictly in self-defence, not in revenge, though a man is justified in defending his wife or his children to the same extent that he would be justified in defending himself. Similarly, in a case of trespass, the trespasser may always be ejected from the premises upon which he is found unlawfully, but any excess of force will render the ejector liable to process, though the result of any legal proceedings will depend entirely upon the circumstances of the case.

In the absence of self-defence, a person assaulted has two courses which he may adopt. He may proceed civilly by an action for damages or criminally for the punishment of the offender, or he may take both courses. The damages awarded in civil proceedings will depend entirely upon the nature of the case. The criminal proceedings will depend upon the nature of the injury inflicted. In the case of a common assault, the accused may be dealt with summarily, and punished by fine or imprisonment; but where the assault is of an aggravated nature, the case is generally sent for appeal, either to quarter sessions or to the assizes, and the matter is disposed of on indictment.

For the special offences falling under the head of assault, and dealt with by special statutes, reference must be made to some work on criminal law.

ASSAYING.—The weighing or examining of a thing. The word is chiefly applied to the act of testing for the amount of metal contained in an ore or an alloy.

By law, silver plate must be made of a certain degree of fineness in Great Britain, and each article made has to be assayed, and, if approved, stamped at the Goldsmiths' Hall. Assays of gold jewellery are made in a similar manner, and this is a guarantee of their quality. It is also a matter of the utmost commercial importance to test the degree of fineness of such things as coin and bullion.

ASSAY MASTER.—The person who is responsible for the determination of the amount of gold and silver in coin or bullion.

ASSEMBLY, PUBLIC.—A public assembly is a gathering of persons in or out of doors other than of a private character, and for a common purpose, which may be lawful or unlawful. As will be shown

below, other circumstances than unlawfulness of purpose may also make an assembly an unlawful assembly; and it is to be noted that a private as well as a public gathering may constitute an unlawful assembly. It is unnecessary to consider here the purposes for which a public assembly gathers, they are infinite in number and kind, but so long as the purpose is lawful it is immaterial to the consideration of the circumstances, rights, and risks of a public assembly. There is, however, this exception, that the purpose of the assembly, while lawful in itself, may be of a provocative character, and so by its possible or actual effects involve some question of its rightfulness, if not strict legality. The present law, however, is not very clear as to this. The right of meeting as regards the conveners, those invited, and the public generally will be dealt with fully in the article on **RIGHT OF MEETING**.

The conduct of the meeting will be controlled by the chairman, who is either appointed by the conveners or elected by the meeting on the spot, if the conveners so choose. The proceedings at the meeting will follow the customary procedure (see **CONDUCT OF MEETINGS**); but as this is not defined by law for ordinary public meetings, the course of the business is, in the main, subject to the chairman's discretion, though he will, of course, observe the accepted rules of debate, to do otherwise would be courting disorder. Apart from flagrant disregard of those rules, the chairman's decision is final, and should be acquiesced in. The public present have no right to introduce fresh business of their own, even although it may seem relevant to the matter in hand, though the chairman may, if he likes, admit it.

There is no privilege of speech for those addressing a public meeting which is not required to be held by law. Speakers, therefore, are fully responsible for the consequences of their utterances, and have none of the protection accorded those who are discharging a legal duty in attending a meeting.

If damage to property is done at a meeting, those causing it are primarily liable, but owing to the numbers present and the confusion which almost invariably attends the commission of such acts, it may be difficult if not impossible to identify the exact person or persons who perpetrated the injury. Having regard to these considerations, responsibility is equally likely to be fixed, or at least sought to be fixed upon the conveners, the chairman and the principal participants. Particularly will this be so in the case of an indoor meeting, when the conveners who have hired the hall or room will be held subject to an express or implied liability for the damage.

As regards disturbance of a public assembly, this, until lately, could only be dealt with by removing the offenders away from the meeting, and in cases of violence by proceeding against them for assault. A recent Act, however—the Public Meeting Act, 1908—has now made it a legal offence to disturb a lawful public meeting for the purpose of preventing the transaction of its business. Anyone inciting others to commit the offence is also guilty. The offender is punished in ordinary cases by fine or imprisonment; but at a political meeting during an election the offence constitutes an illegal practice, involving a heavy fine and disfranchisement. The enactment refers equally to open-air meetings; and there have already been convictions under it, in one instance for disturbing a meeting in the

highway by singing. The Act perhaps confers too large powers of retaliation, having regard to the traditional and recognised ebullition of feeling inseparable from political contests.

Unlawful assemblies must now be considered, and, first, those assemblies are to be noted which are prohibited by statute. The Unlawful Drilling Act, 1819, makes illegal any assembly gathered for the purpose of drilling, training to the use of arms, or military exercises, unless officially authorised. The Seditious Meetings Act, 1817, prohibits the holding of an open-air meeting consisting of more than fifty persons within one mile of Westminster Hall, while Parliament is in session, for the purpose of petitioning either House of Parliament. The object of this enactment is to ensure the deliberations of the Legislature being free from intimidation. There are statutes aimed against seditious societies, but the toleration long since extended to political agitation and discussion renders those Acts of small practical importance.

We turn now to assemblies which infringe the law rather by the ulterior motive or subsequent act of the persons assembled than by any inherent wrongfulness of the gathering itself. If three or more persons meet together for an unlawful purpose, or for a lawful purpose to be effected violently, that is an *unlawful assembly*. If they then move to carry out their purpose, that is a *riot*, and if they engage in the execution of that purpose, that becomes a *riot*. These three are legal offences. Further, if twelve or more rioters fail to disperse within one hour after a certain proclamation provided in the Riot Act (1 Geo. 1, St. 2, c. 5) has been duly read (popularly known as "reading the Riot Act"), they then become guilty of felony, and may be dispersed by force; the use even of deadly weapons for that purpose by the authorities being justifiable if there is real danger of violent crime being committed.

The Criminal Code Bill Commissioners, in their Report of 1879, suggested that the law as to unlawful assemblies was first adopted at a time when it was the practice for the gentry, who were on bad terms with each other, to go to market at the head of bands of armed retainers. Such a practice must obviously have tended to endanger the public peace, and it is still by its tendency in that respect that the lawfulness or otherwise of an assembly, which has not developed into a riot or a riot, is to a great extent tested.

It is possible that an assembly gathered with the aim of violently effecting a general political change might amount to high treason.

A public assembly must not cause an obstruction, or a nuisance (e.g., by noise), and, of course, must not infringe any private rights.

(See CONDUCT OF MEETING, RIGHT OF MEETING, and see Wise's *Law of Riots*.)

ASSETS.—By some good authorities the term Asset is said to have been derived from the old French word *assetz* ("enough"). It is applied, however, as signifying the possession of money, property, goods, chattels, or to the ownership of possessions of an intangible nature, such as the goodwill of a business, trade marks, designs, copyright, and the like. Anything to which value may be attached may be described as an asset of the person, corporation, or other body who may possess absolute title to it.

A convenient and useful subdivision of the different classes of assets may be made as follows:—

(1) **Fixed Assets**, or possessions in the form of freehold land and buildings, house property, plant and machinery, loose tools or trade utensils, trade fixtures, and furniture.

(2) **Intangible Assets**, such as goodwill, patents, trade marks, designs, copyright.

(3) **Floating or Circulating Assets** are represented by book debts, stock-in-trade, stores of raw material, bills receivable.

(4) **Liquid Assets**. Invested funds and surplus cash with bankers, either on deposit or current account, or cash in hand.

As to (1) Fixed Assets may be defined as being more or less immutable in relation to the business or undertaking where they are employed, to an even greater extent the same must be said of (2) Intangible Assets, the existence of which depends, amongst other things, upon the unchanged value of the first. As regards (3) Floating or Circulating Assets, the respective values will rise and fall as a result of the ordinary transactions of business; so also with (4), Liquid Assets, to the same extent, but the realisability of these last two groups differs very materially from the first two. Hence it was the practice, until quite recently, to speak of two classes of assets only, i.e., merely as "Fixed" or "Circulating". The four groups, are, however, markedly distinct in every respect, though the combination of (1) and (2) may be said to represent broadly the term "fixed," so long as the characteristics of a business remain unchanged, whilst both (3) and (4) fluctuate as a result of the employment of the other two in the course of business; the availability of an investment in funds for the purposes of "ready money" has a very distinct advantage over, say, stock-in-trade for the same purpose, yet both were formerly referred to under the general term "Floating Assets". This broader distinction served its purpose up to a point, but it has now become necessary to draw a finer line between the four kinds of belongings which go to make up the assets side of the balance sheet of the modern business.

In reviewing the accounts of a business, the necessity for a systematic consideration of the book values of the various properties is of no less importance than that the different items of receipt and expenditure on revenue account should be taken in their respective orders of "production," "trading," "profit and loss," and, finally, "appropriation of profits" accounts respectively. The need for a methodical analysis of assets is of the greatest use when the management have to discuss "ways and means" in the ordinary routine of business. They will first consider the amount of "liquid" resources at their disposal, then, next in order, the value represented by the "circulating" accounts due to them. Again, a trustee, receiver, or liquidator requires the same facilities, so that he may realise and dispose of the assets in their proper sequence, selecting the various debits for treatment at the hands of trade valuers, stock brokers, and bankers, as the case may be. This segregation of assets has become known as the process of *marshalling of assets*, though the term is somewhat misapplied, and may be said to be some attempt at standardising the method of treatment in drawing up a balance sheet or any other statement of affairs. (See BALANCE SHEET, FORMS OF.)

The appearance of the item "profit and loss account" on the assets side of a balance sheet has

created a great deal of consternation to the uninitiated in accountancy matters; certainly to those who are familiar with this subject this is no matter for surprise, because the item appears under the heading of assets; yet the amount represents nothing more than a loss as a result of trading. In effect, it shows a condition of insolvency, inasmuch as the total sum of assets falls short of the total liabilities. This does not, of course, mean that a business house whose balance sheet exhibits such a state of affairs should close its doors; on the contrary, it may merely be an indication that its fortunes have temporarily fallen upon evil days. Nevertheless, the practice of showing a loss on trading under the guise of an asset is very misleading to those who may be unacquainted with the more advanced customs in the business world. A simple remedy has been suggested which merely provides for a total figure being given under the realisable assets; to this total is added the amount to debit of profit and loss account, representing the loss, the final total then being equal to the converse total of liabilities, in the same way as the accounts of a liquidator or a trustee in bankruptcy would exhibit a "statement of affairs" (*q.v.*)

ASSETS, MARSHALLING OF.—This is a term which has been somewhat improperly applied in regard to the several classes of assets appearing on the balance sheets of companies or other business concerns, implying that various assets have been arranged in a more or less regular order of classification, as described under the head of "Assets." In reality, assets are said to have been "marshalled" when, in the drawing up of a statement of affairs for the estate of a deceased person, certain of the property, or properties, are specifically mentioned in that statement as having been mortgaged, or otherwise singled out by specialty contracts, by the deceased with his creditors, who have a prior claim to those particular assets. The same procedure would be followed in the case of a company which has contracted more than one class of mortgage debentures, one having priority over the other, and each having a specific first charge over particular assets.

ASSETS, WASTING.—Practically all property is subject to deterioration in value, the term being used to imply general depreciative values either through mere wear and tear in the case of buildings, machinery, plant, or fixtures, or through effluxion of time, as applied to leaseholds, patents, etc. Freehold land may not be a wasting quantity; on the contrary, it may appreciate in value if situated in a populous and prosperous community. In exceptional cases, the goodwill of a business may actually increase in value. In all instances of wasting assets, suitable provision should always be made out of profits, or as a charge against revenue, to provide for such wastage. (See DEPRECIATION.)

ASSIGN.—The making over by one person to another, by means of a deed of assignment, money, goods, or any other kind of property.

ASSIGNABILITY.—The power or right of assigning. Compare NEGOTIABILITY.

ASSIGNEE.—The person to whom the right to any money, goods, or other property is assigned or made over.

ASSIGNMENT.—The term has two significations: (1) the transfer of any right or property, (2) the document by means of which such transfer is made.

The transfer of land, or immovable property, is carried out by means of a deed. The transfer of

other kinds of property, movable property, may be made by deed, by an instrument in writing, or by a simple transfer of possession, according to the statute law governing each. At common law a simple transfer of possession was sufficient.

In commercial life the term is probably most familiar when used in connection with an assignment made by a debtor of all his property to a trustee for the benefit of his creditors. The instrument by which this is done is called a deed of assignment, and such an assignment is quite apart from proceedings under the Bankruptcy Act, 1914, as any creditor not assenting to the deed may take advantage of the assignment being in itself an act of bankruptcy, and any time within three months of the date of the deed, providing his debt is of the amount of £50, or by co-operation with other non-assenting creditors the debts amount to £50, may petition for bankruptcy of the debtor, whereupon if the debtor is adjudged a bankrupt the assignment is rendered void. The person to whom the property of the debtor is transferred, *i.e.* the trustee, is, accordingly liable any time within the period of three months, to be called upon to hand over to the Official Receiver in bankruptcy, or a trustee appointed in bankruptcy, all the property belonging to the debtor which has come into his hands.

It is almost unnecessary to point out that a trustee under a deed of assignment must be particularly careful in his dealings after the deed of assignment has been executed, as, whilst desiring to render all possible help to the estate, he may involve himself personally. This will always depend upon the special facts of the case, and the trustee must, therefore, so conduct himself as to leave no doubt as to what the real state of things is.

A *chose in action* (*q.v.*), *i.e.* a right to a thing, as distinguished from the thing itself, was not capable of being assigned at common law, but could only be enforced by one of the original parties to the contract. This was not the rule in equity, and since the passing of the Judicature Act, 1873, the rule in equity prevails in all the courts. A debt or a legal *chose in action* is now assignable, and the assignee is enabled to sue in his own name for the benefit of the same, provided that certain conditions are fulfilled. These conditions are: (1) that the assignment is absolute, *i.e.*, that the right is made over completely to the assignee, and not given by way of a mere charge only; (2) that it is in writing, and the writing is signed by the assignor; and (3) that notice of the assignment is given in writing to the debtor, or to a trustee who is in possession of the money, goods, or other property assigned. But although the benefit of a contract can be assigned in this manner, the assignee can only acquire the rights which were possessed by the assignor. Therefore, if a debtor has a counter-claim (*q.v.*) or a set-off (*q.v.*) against his creditor, and the creditor assigns his rights to a third person, the assignee will only be able to enforce so much of the claim as the original creditor could have done, and will be bound to allow the counter-claim or the set-off. This is called an assignment "subject to the equities." In the same way, if a creditor has only a defective title to anything he purports to assign, the assignee's title, after the assignment, is affected with the same defect.

Special provision has been made for the assignment of rights arising out of certain *choses in action*, *e.g.*, policies of insurance, shares in joint

[FACSIMILE OF ASSIGNMENT OF A JUDGMENT DEBT]



THIS INDENTURE made the fourth day of November one thousand nine hundred and Between John Jones of 22 White Street Sandy in the County of Bedford Merchant (hereinafter called the Vendor) of the one part and Samuel Smith of 495 Black Street St. Neots in the County of Huntingdon Gentleman (hereinafter called the Purchaser) of the other part:

WHEREAS the Vendor on the tenth day of May one thousand nine hundred and obtained a judgment in the High Court of Justice (King's Bench Division) against Benjamin Brown of 958 King's Road Brighton in the County of Sussex Corn Factor in an action having the short title of John Jones v. Benjamin Brown (19--., J. No. 3857) for the sum of £431 and costs:

AND WHEREAS the sum of £497 is now owing for principal interest and costs on the said judgment:

AND WHEREAS the Vendor has agreed to sell to the Purchaser the said judgment debt at the price of £350:

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement and in consideration of the said sum of £350 now paid by the Purchaser to the Vendor (the receipt of which sum the Vendor hereby acknowledges) the Vendor as Beneficial Owner hereby assigns unto the Purchaser

ALL THAT the sum of £497 now owing on the said judgment as

hereinbefore mentioned and all interest hereafter to become due on the said judgment and the full benefit of the said judgment and of all other securities for the said debt

TO HOLD unto the Purchaser absolutely :

AND the Vendor hereby covenants with the Purchaser that the whole of the said sum of £497 remains owing on the said judgment. And it is hereby certified that the transaction hereby effected does not form part of a larger transaction or of a series of transactions in respect of which the amount or value or the aggregate amount or value of the consideration exceeds £500.

IN WITNESS whereof the parties hereto have hereunto set their hands and seals the day and year first above written.

Signed sealed and delivered by
the within named John Jones in
the presence of

} JOHN JONES
}



ALFRED THOMSON

39 Brick Court

London, E.C.

Contractor

(N.B.—There is no need for the purchaser to execute any assignment or conveyance, except in those cases where he enters into a covenant or undertaking to do something with regard to the vendor. As for the Stamp Duty, see STAMPS.)

stock companies, debentures, etc., other by Act of Parliament or by the articles of association of the company. In order that the assignment may be effectual, these provisions must be strictly complied with.

Assignability must be carefully distinguished from negotiability. (See NEGOTIABILITY)

The assignment of obligations arising out of a contract is not allowed, except with the consent of the party to whom the performance is due. This is called "novation" (*q.v.*). In point of fact, a new contract is made when this takes place, and fresh parties are substituted for those who were originally bound. There are exceptions to this rule, but they are mainly statutory, and in the case of land there are certain obligations or liabilities which always "run with the land," that is, bind the holder for the time being.

Irrespective of the acts of the parties, assignments of rights and obligations may take place through the death or the bankruptcy of one or both of them. In the case of death, the personal representative, either executor or administrator, succeeds to the position of the deceased, acquires his rights, and is answerable for his liabilities to the extent of the estate that has been left. An executor or administrator may render himself personally responsible to any extent if there is an agreement in writing (and a consideration) to satisfy the fourth section of the Statute of Frauds (*q.v.*). The chief exception to this rule is that which has reference to contracts for personal services, such as the employment of a servant or an apprentice. Death puts an end to such a contract, since it is assumed to be an implied condition of the contract that no substitute shall be allowed to fill the place of the original promisor or promisee. In the case of bankruptcy also the trustee in bankruptcy acquires all the rights and is responsible to the extent of the property obtained, for the liabilities of the debtor.

ASSIGNOR.--The person who assigns or makes over the right which he himself possesses to money, goods, or other things to another person called the assignee.

ASSIZE, COMMISSIONER OF.--The assizes (*q.v.*) are held under a commission issued by the Crown, and the various commissions are directed to the judges, but in practice only one or two judges go round on a particular circuit. But there is full power to include in the commission not only the judges, but also other named persons, especially those members of the Bar who are King's Counsel, and this enables such persons to act for all purposes with the same authority as the judges, if they are called upon to do so. Thus, if the work on any particular circuit happens to be heavy, the senior judge will frequently call for the assistance provisionally supplied in this manner. In recent years, before the increase in the number of King's Bench judges, when it was thought necessary to retain as many judges as possible in London, a King's Counsel was frequently sent on circuit in place of a judge, clothed with full judicial authority. The name given to a person thus appointed is Commissioner of Assize.

ASSIZES.--From the time of Henry II the judges of the High Court have been accustomed to visit every county of the kingdom at certain periods for the administration of the law, civil and criminal, and these visits have been designated as assizes or sittings. In recent times the whole of England and

Wales has been divided into eight districts, called circuits (*q.v.*), and commissions are now issued twice a year, in winter and summer, giving the judges full authority to visit every county for the trial of causes. Two judges are generally appointed for each circuit, but in the case of many counties only one judge goes on circuit, when he first tries the criminal cases and afterwards the civil. In the more populous counties, however, the two judges go together, and the criminal and civil work is carried on simultaneously, though in different courts. A third assize is held on all the circuits towards the end of each year, but except in the case of a few towns, such as Birmingham, Bristol, Cardiff (or Swansea), Manchester, Liverpool, Leeds, no work other than criminal is disposed of at this assize. For the last three of the cities just mentioned there is also a fourth assize, usually held about Easter. A re-arrangement of the circuits was made in 1908, and the judges who were sent out were no longer confined to the districts comprised in the recognised divisions, though the number of assizes was the same as before. This re-arrangement did not prove a success, and the old system was reverted to. A new arrangement was then under consideration for some time, and came into force towards the end of 1911. Its effect allows civil causes to be heard at assize towns with greater frequency. There have been several variations since, and further changes are contemplated. Until 1909 it was necessary that the assizes should be held in every county, whether there were any causes to be tried or not; but now, by an Act passed in 1908, it is no longer necessary for a judge to visit any place to which he is commissioned to go if it appears that there is no work to be done. The authorities in such a case must send out notices to the jurors who have been summoned that their attendance is not required.

In the commissions which are issued the names of all the judges are included, but, as stated above, it is not the practice for more than one or two judges to go on circuit. The names of King's Counsel are also frequently included in the commissions, and this enables such counsel to assist the judge in trying cases when the number is exceptionally heavy. The commissions are divided into four parts: (1) Peace, (2) Oyer and Terminer, (3) Gaol delivery, (4) Nisi Prius—all of which are noticed under separate headings. By means of these, the judge who goes on circuit has full power to try all treasons and felonies, to clear the gaols, and to try all civil cases.

For Middlesex there is no assize. All civil causes which would in other counties be triable at assizes are heard at the Law Courts in the Strand, where there are sittings throughout the legal year, and all criminal cases which in the country would be tried at the assizes are dealt with at the Central Criminal Court.

ASSOCIATION CLAUSE.--(See MEMORANDUM OF ASSOCIATION.)

ASSURANCE.--(See FIRE INSURANCE, LIFE INSURANCE, MARINE INSURANCE.)

AT CALL.--This is a term which is used with reference to money deposited with bankers and others, the repayment of which may be demanded without notice.

AT SIGHT.--Sometimes a bill of exchange is expressed to be drawn "at sight." This is the same meaning as drawing on demand. Days of grace (*q.v.*) do not attach to bills payable at sight.

ATS.—These three letters are an abbreviation for the words "at the suit of." In pleadings and other documents used in the conduct of a case, it is the general practice to head the same thus: "Jones v. Smith," Jones being the plaintiff in the action and Smith the defendant. Before the Judicature Acts, the heading was often reversed, thus: "Smith ats. Jones," which means "Smith at the suit of Jones," Jones still being the plaintiff and Smith the defendant. In actions tried at the mayor's court (*q.v.*), this old-fashioned form is still retained in accordance with the former practice.

ATTACHMENT.—This word is used in two senses, either as to the attachment of a person, or as to the attachment of debts. The former takes place when there has been an act of disobedience in connection with an order made by a court of record (*q.v.*). The offending person is arrested, and he may be detained, at the pleasure of the court, for such period as is directed, or until he has purged his contumacious conduct. As to the latter, the term is applied to the procedure by which a judgment creditor (*q.v.*) may enforce the payment of his judgment debt by any person who is indebted to the judgment debtor. This is effected, generally, by garnishee proceedings (*q.v.*).

ATTACHMENT OF DEBTS.—With a view to making it easy for a judgment creditor to obtain satisfaction of his judgment, the rules of court prescribe that in certain cases persons who owe money to the judgment debtor may be ordered to pay the judgment creditor direct. Accordingly, if a man has obtained a judgment, or an order for the payment of money, he may make an affidavit to that effect, stating that the judgment is unsatisfied, and that some other person within the jurisdiction of the court is indebted to the judgment debtor. Having made this affidavit, he may apply to the court for an order directing that the sums due from the judgment debtor shall be attached to answer the judgment or debt and the costs of the application. The order so made is called a "garnishee order nisi," and the person against whom it is made is the garnishee. The same order may direct that the garnishee shall appear before the court or a judge, or an officer of the court, as they shall appoint, to show cause why he should not pay over the money due to the judgment creditor; and in order to give the garnishee an opportunity of paying, or of appearing to show cause why he should not pay, seven days' notice of the date of the hearing must be given to him. If the garnishee appears and admits the debt, it is the practice to allow him to deduct his costs (usually 13s. 4d. or a guinea) from the amount he has to pay over. Service of an order that debts due or accruing to a debtor liable under a judgment or order, shall be attached, or notice thereof to the garnishee, in such manner as the court or judge shall direct, binds such debts in his hands. If the garnishee does not at once pay into court the amount due from him to the debtor, or the amount of the judgment, and does not dispute the debt due or claimed to be due from him to such debtor, or if he does not appear upon the summons, then the court or judge may order execution to issue, and it may issue accordingly to levy the amount from the garnishee, together with the costs of the garnishee proceedings. Where the garnishee disputes his liability, stating in an affidavit that he does not owe anything to the judgment debtor, the court may order an issue to be tried as to whether he is liable or not. As a general rule, garnishee

issues are heard by a Master in Chambers. If the garnishee states that the debt sought to be attached belongs to some third person, or that any third person has a lien or charge upon it, the court may order such third person to appear, and state the nature and particulars of his claim. When a garnishee makes payment under a garnishee order, such payment is a valid discharge to him as against his own debtor.

The above being a general statement of the practice in garnishee proceedings, it remains to consider the matter in somewhat greater detail. The assignee of a judgment debt, or the legal personal representative of a judgment creditor, can obtain a garnishee order. An order will be made even after the lapse of six years. The debt must be one of which the judgment debtor could have compelled payment had he desired to do. Thus a debt payable in future by reason of a present obligation may be attached, but only such property can be attached as the debtor can deal with properly without violating the rights of others. A claim which may or may not result in a debt, *e.g.*, compensation for lands in respect of which a company has given notice to treat, cannot be attached, nor can a claim for unliquidated damages, until it has resulted in a verdict. Again, a debt which has been *bond fide* assigned by the judgment debtor before the judgment, and the surplus proceeds of a bankrupt's estate, cannot be attached. The following have been held incapable of attachment: moneys held in trust for a married woman subject to a restraint on anticipation; a debt due to the judgment debtor and another jointly; the proceeds of a judgment paid into a county court (the same not being a debt due from the registrar); a dividend distributable amongst creditors by the official receiver (thus not being a debt due from him to the creditor); seamen's and workmen's wages; the pay of an officer in the Army or Navy; and deposits in the savings bank. A sum of money held by a trustee upon the trusts of a settlement cannot be attached by a judgment creditor of the settlor, for it is not a legal or equitable debt.

The actual procedure in garnishee proceedings is this: The application is made without notice to the other side, *i.e. ex parte*, to a Master in Chambers. The order when made is served on the garnishee and the judgment debtor, the garnishee being served personally or at his place of business by leaving a copy with his clerk or with some other person belonging to the place of business. As the debt is only bound in the hands of the garnishee upon service of the order nisi upon him, it is desirable to serve the order on the garnishee before or at the same time as it is served on the debtor. Otherwise the debtor may assign the debt before service on the garnishee, and so defeat the proceedings. If the garnishee suggests that the debt really belongs to a third party, the master generally adjourns the application to a future day, directing that the claimant appear and support his claim. It is usually sufficient to give notice to the claimant without drawing up a formal order for his attendance, but in some cases it is desirable to draw up an order.

ATTAL OF ROSES.—(See OTTO OF ROSES.)

ATTESTATION.—This is the act of bearing witness to the fact that a signature has been appended to a document. It is to be borne in mind that it is only the signature that is attested; it is altogether immaterial whether the witness or the witnesses know anything at all as to the nature or

the contents of the document. Attestation becomes a matter of great importance where the person who executes the document is illiterate and "makes his mark." Not only must the mark be witnessed, but it must be made clear that the person signing knew thoroughly well what he was doing.

It is not always necessary that the signature to a deed (*q.v.*) should be attested, but it is advisable not to omit the formality. One witness is always sufficient, unless there is some statutory obligation or provision to the contrary.

In the case of a will, the testator's signature must be made, or acknowledged, by the testator in the presence of two or more witnesses present at the same time, each of whom must attest or "witness" the will. There is no special form of attestation necessary, provided that the other necessities are duly satisfied, but the following is a common attestation clause—

Signed by the said _____, the testator, in the presence of us, both present at the same time, who in his presence and at his request and in the presence of each other have hereunto set our names as witnesses

.....
.....

In the absence of an attestation clause, it becomes necessary, after the death of the testator, for one or both of the witnesses to swear by affidavit that the proper formalities have been observed before probate of the will can be obtained, and difficulties may easily arise if both the witnesses die before the will is proved. When there is a proper or sufficient attestation clause, the death of the witnesses cannot, generally speaking, cause any difficulty at all, for when a document is in order on the face of it, the presumption of law is *omnia præsumuntur rite esse acta*, i.e., it is presumed that everything has been done in order.

The witnesses give their names, addresses, and descriptions. A legacy to a witness or to the wife of a witness is void. This does not, however, apply if a marriage has taken place subsequently to the date of the attestation.

• Where a signature is witnessed, as in the case of a transfer of shares, the form is usually—

Signed, sealed, and delivered by the above named _____ in the presence of

Signature.....
Address.....
Occupation.....

When a transfer is executed out of Great Britain, the signature should be attested by H M Consul or Vice-Consul, a clergyman, magistrate, notary public, or other person holding a public appointment. When a witness is a female, she must state whether she is a spinster, wife, or widow; and if a wife she must give her husband's name, address, and occupation.

Where any material alterations or interlineations have been made in a deed, they should be referred to in the attestation clause as having been made before execution of the document.

In a document under hand, a witness often signs simply as: "Witness, John Brown," and gives his address and description.

In Scotland, as, for example, where a customer

signs a banker's printed memorandum of deposit, a clause, "called the "testing clause," in the following form is included before he signs—

In witness whereof these presents in so far as not printed written by (name of person who filled up the form) and subscribed by me the said _____ at _____ upon the _____ day of _____ one thousand _____ nine hundred and _____ before these witnesses of _____ (description) and _____ of _____ (description)

Witness.

Witness.

The testing clause in a Scotch deed also states the number of pages on which it is written, and mentions any important alterations which have been made in the document. Two witnesses are always necessary in Scotland, unless there is some statutory provision that one witness is sufficient.

Where a signature by "mark" is witnessed, the form is—

his
John _____ Brown
mark

Witness,

John Jones,
Warwick Road,
Liverpool, Builder

In banks it is customary for two persons to witness a "mark."

In the case of a deed which is executed by a "mark," the words used are to the following effect

Signed, sealed, and delivered by the above-named John Brown, he having signed by a mark in consequence of being unable to sign his name, in the presence of us, the deed having first been read over and explained to him when he appeared perfectly to understand the same

In Scotland, when a person is unable to write, a deed must be executed for him by a notary public or a justice of the peace in the presence of two witnesses, as a deed cannot be executed by a mark.

ATTESTED COPY.—A copy which is certified by a witness to be an exact copy of the original document. (See CERTIFIED COPY.)

The following is a specimen of the form of attestation at the foot of a copy of a document of several pages—

We have carefully examined this and the two foregoing sheets with the original document and attest it to be a true copy thereof Dated this _____ day of _____ 19...

*Clerks with Brown & Jones,
Solicitors, Manchester.*

For Stamp duty, see COPY

ATTORNEY.—This word has come to signify in a general way a solicitor, though the term is of wider application in the United States, including all members of the legal profession. In its more proper signification, the word "attorney" means a person who is appointed to act on behalf of another. (See ATTORNEY, POWER OF.)

ATTORNEY-GENERAL.—This is the senior of the two law officers of the Crown, the junior being called the Solicitor-General (*q.v.*).

By one of the unwritten rules of the British Constitution, the Sovereign cannot appear in his own courts in person in any capacity, either to act as judge, to plead, or to be a witness, no matter how much his interests are concerned; and from a very early date it has been necessary for him to be represented by an agent, which agent is the Attorney-General. There is in existence an unbroken list of persons who have acted in this capacity since the latter part of the thirteenth century.

In addition to acting as the legal representative or agent of the Crown in all matters which come before the courts, the Attorney-General is always at the service of the State whenever grave offences are committed against the good order of the community, and when it is deemed expedient for the State to take up the prosecution of an alleged offender rather than to leave the matter in the hands of a private person. Moreover, there are certain offences for which his fiat or authority must be obtained before any prosecution can be entertained at all. He can also decline to allow a prosecution to proceed by entering what is known as a *nolle prosequi*, i.e., by stating that the Crown will no longer proceed with a criminal matter which has been partially inquired into, but which has not been finally settled.

He acts as the principal adviser of the Government of the day in all matters which involve legal questions, and for greater security any department is entitled to command his services. In addition, he must defend the legality of any action taken by the Government if such action is in question.

As he is the principal adviser of the Government which is in power, the Attorney-General must be included in the Ministry of the day, and though it is not essential that he should actually be a member of the House of Commons to qualify him for his position, any long continued absence from the House would undoubtedly lead to his resignation. If, through the vagaries of political warfare, he should lose his seat, another would be provided for him. Until quite recent times the Attorney-General was never a member of the Cabinet, nor was he made a Privy Councillor. These rules were first altered in the case of Sir Rufus Isaacs (afterwards Earl of Reading), and the same course was followed when Sir John Simon and Sir F. E. Smith succeeded in turn to the position of chief law officer of the Crown. It appears, however, that the practice is not to be continued, because when Sir F. E. Smith (Lord Birkenhead) was made Lord Chancellor in January, 1919, his successor, Sir Gordon Hewart, although already a Privy Councillor, was not given a seat in the Cabinet as it was then constituted. The case of Lord Reading was, of course, exceptional, and the cases of Sir John Simon and Lord Birkenhead happened in difficult and abnormal times. Towards the end of 1919, when it appeared likely that the Cabinet system would be restored, after an abeyance of several years, the Attorney-General was not included in the Cabinet. Again, it is not essential that the Attorney-General should be a King's Counsel, but it is extremely unlikely that a member of the junior Bar would ever be raised to the exalted position. The appointment lasts, unless he resigns or is promoted to some other office, during the continuance of the Government.

The Attorney-General is the head of the English Bar. His position is supposed to entitle him to any judicial office that may fall vacant during his period

of office, from the Lord Chancellorship downwards. He receives a fixed salary of £7,000 per annum, but this salary is supplemented by fees for litigious work, which often bring up the total income to more than double that amount. Until 1892 the Attorney-General was allowed to continue his active practice at the Bar, but since that date he has been compelled to devote the whole of his time to the duties of his office.

There is an Attorney-General for Ireland as well as for England. In Scotland the corresponding official is the Lord Advocate (*q.v.*).

In order to assist him in his work, the Attorney-General appoints two "devils," one for Chancery work and one for Common Law work, and they very frequently represent him in the courts. Each of these receives a fixed salary for the work that is done, which is not exactly in conformity with the position of those barristers who render assistance to their brethren, the rule being at the Common Law Bar that "devilling" must be done gratuitously, and at the Chancery Bar for half the fee marked upon the brief. There is an unwritten tradition that the "devil" shall be rewarded, at some time or other, with a *puisse judgeship*.

ATTORNEY, LETTER OF.—(See ATTORNEY, POWER OF)

ATTORNEY, POWER OF.—This is the name given to the formal document by which one person is authorised and empowered to act on behalf of another.

It is commonly used in cases where a person (called the donor or grantor) is going abroad for a long time and wishes to give someone (called the donee or grantee) power to act for him in his absence. The power given in the document varies according to the wish of the donor, and when a power of attorney is exhibited to any person with whom the donee has business relations, the greatest care is required to see that the terms of the power of attorney are strictly complied with. The donee is, in fact, the special agent of the donor, and he is not entitled to do anything outside the scope of his power.

An attorney may sign any document that is required in any transaction with the name of the donor without the addition of any further words, but the usual and better way is to sign, e.g., "John Brown, by his attorney, Tom Brown."

The authority may relate only to one particular act, as, for example, the sale of Consols, or it may give power to act in all matters connected with some particular business, or it may give full power to act in every matter in the same way as though the agent were the grantor himself.

If a "power" is expressed to be irrevocable for a fixed time, not exceeding a year from the making thereof, it cannot be revoked during that time without the donee's consent.

The length of time during which a power is to continue in force should be noted. In the case of a power which was to continue "during absence from England," it was held that certain mortgages made by the attorney, after the donor's return to England, were invalid.

A power of attorney is determined (that is, it is no longer effective) by the death, insanity, or bankruptcy of the donor.

By the Conveyancing Act, 1881, any person making any payment in good faith, in pursuance of a power of attorney, shall not be liable therefor by reason that, before the payment, the donor of

the power had died or become a lunatic, of unsound mind, or bankrupt, or had revoked the power, if the fact was not at the time of payment known to the person making the same.

And also by the same Act: "The donee of a power of attorney may, if he thinks fit, execute or do any assurance, instrument, or thing in and with his own name and signature and his own seal, where sealing is required, by the authority of the donor of the power, and every assurance, instrument, and thing so executed and done shall be as effectual in law, to all intents, as if it had been executed or done by the donee of the power in the same and with the signature and seal of the donor hereof."

It is further enacted by Sections 8 and 9 of the Conveyancing Act, 1882, that if a power of attorney given for valuable consideration is in the instrument creating the power expressed to be irrevocable, then, in favour of a purchaser, the power shall not be revoked at any time either by anything done by the donor, without the concurrence of the donee, or by death, lunacy, or bankruptcy of the donor, and any act done by the donee shall be effectual and absolutely irrevocable. If a power, whether for valuable consideration or not, is expressed to be irrevocable for a fixed time, not exceeding one year from the date of the instrument, then in favour of a purchaser the power shall not be revoked during that fixed time by anything done by the donor, without the concurrence of the donee, or by the death, lunacy, or bankruptcy of the donor, and any act done during that time by the donee shall be irrevocable.

The following is a common form of a Power of Attorney—

Know all men by these presents that I, A B, of etc., have made, ordained, constituted, and appointed, and by these presents do make, ordain constitute, and appoint C D, of etc., to be my true and lawful attorney for me in my name and behalf to ask, demand, sue for, enforce payment of and receive and give effectual receipts and discharges for all moneys, securities for money, debts, legacies, goods, chattels, and personal estate, of or to which I am now or may hereafter become possessed or entitled, or which are or may become due, payable, or transferable to me from or by any person or persons whomsoever. And upon receipt of any moneys under or by virtue of these presents, to pay the same to or deposit the same with any banker, broker, or other person on my behalf, and to lay out or invest the same on any part thereof in such stocks, funds, shares, or securities as he my said attorney shall think fit. And for the purposes aforesaid, or any of them to sign my name to, and make, execute, and do on my behalf any cheques, contracts, agreements, deeds, transfers, assignments, instruments, and things whatsoever. And generally to act in relation to my estate and effects as fully and effectually in all respects as I myself could do, I hereby undertaking to allow, ratify, and confirm everything which my said attorney shall do or suffer by virtue of these presents. And I declare that this power shall be irrevocable for calendar months computed from the date hereof.

In witness whereof I have hereunto set my hand and seal this first day of November, 19...

Signed, sealed, and delivered by the above-named A. B., in the presence of

The appointer signs and seals the power, and two witnesses must add their names and descriptions.

In a few cases one witness may suffice, but in others (e.g., in the case of a power of attorney to transfer stock in the books of the Bank of England) two persons must attest.

Of course, a forged power of attorney is wholly inoperative, and anything done under it is altogether void.

When it is intended to give a power of attorney to a person in a foreign country for any particular purpose, as, for instance, to collect a debt, it is necessary to inquire whether any special form is requisite. In any case, it should be attested before a notary public.

The following are the stamp duties imposed—

	£	s.	d.
Letter or Power of Attorney, and Commission, Factory, Mandate, or other instrument in the nature thereof—			

(1) For the sole purpose of appointing or authorising a proxy to vote at any one meeting at which votes may be given by proxy, whether the number of persons named in such instrument be one or more	0	0	1
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(2) By any petty officer, seaman, marine, or soldier serving as a marine, or his representative, for receiving prize money or wages	0	1	0
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(3) For the receipt of the dividends or interest of any stock—

Where made for the receipt of one payment only	0	1	0
In any other case	0	5	0

(4) For the receipt of any sum of money, or any bill of exchange or promissory note for any sum of money not exceeding £20, or any periodical payments not exceeding the annual sum of £10 (not being herebefore charged)	0	5	0
---	---	---	---

(5) For the sale, transfer, or acceptance of any of the Government or Parliamentary stocks or funds—

Where the nominal amount of the stocks or funds does not exceed £100 (Finance Act, 1895, Section 16)	0	2	6
In any other case	0	10	0

(6) Of any kind whatsoever not herein before described	0	10	0
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Exemptions.

(1) Letter or power of attorney for the receipt of dividends of any definite and certain share of the Government or Parliamentary stocks or funds producing a yearly dividend less than £3.

(2) Letter or power of attorney or proxy filed in the Probate Division of the High Court of Justice in England or Ireland, or in any ecclesiastical court.

(3) Order, request, or direction under hand only from the proprietor of any stock to any company or to any officer of any company or to any banker to pay the dividends or interest arising from the stock to any person therein named:

And see Section 81 of the Stamp Act, 1891, as follows—

"A letter or power of attorney for the sale, transfer, or acceptance of any of the Government or Parliamentary stocks or funds, duly stamped for that purpose, is not to be charged with any further duty by reason of containing an authority for the receipt of the dividends on the same stocks or funds."

ATTORMENT.—This is a legal term which signifies the acknowledgment by one person that he is the tenant of another. This was at one time all important, because without some such recognition, the mutual rights and duties existing between landlord and tenant could not arise. Thus, if A leased property to B for a certain period, and before the termination of that period the property was sold by A to C, the relationship of landlord and tenant could not exist between C and B unless B agreed in writing to accept the changed position. This attornment, however, is not now necessary. Attornment does exist still in many mortgages, the mortgagor attorning tenant to the mortgagee, in order that the latter may have the right of distress (*q.v.*) if the mortgagor fails in his obligations. Such an attornment must generally be registered as a bill of sale (*q.v.*).

AUCTION.—An auction is a method of selling or letting property, whether real or personal, by public competition. The usual way is for the auctioneer (*q.v.*) or person conducting the sale to declare that the highest bidder at the moment when the bidding is stopped is the purchaser or hirer, as the case may be. In England an auction is generally determined by the fall of the auctioneer's hammer, signifying that the last or best bid or offer for the property in question has been accepted by him on behalf of the owner, but other modes are occasionally met with, such as turning an hour-glass and receiving bids only while the sand is running, or lighting a candle and allowing the offer to remain open so long as the candle burns. A Dutch auction is one in which the auctioneer puts a high price upon the property at first, and gradually comes down until he reaches either a price which someone is willing to give or the minimum price at which the vendor is willing to sell. In Scotland an auction is called a roup.

Subject to a few restrictions (for which see AUCTIONEERS and PAWNBROKERS), an auction may be held anywhere and at any time, but care should be taken not to infringe the terms of any lease or covenant that prohibit the holding of an auction on particular premises, and not to hold one, without expressed licence, within the limits of a market (*q.v.*). A place or house in which an auction is being held is, for the time being, a place of public resort, within the operation of certain branches of the criminal law. In view of the law relating to the invalidity of some contracts (*q.v.*) made on a Sunday, an auction should not be held on that day. In addition, as it is the duty, and to the interest, of the auctioneer to get as good an attendance of the public as is possible, he should not hold an auction at an unusual or unreasonable time, or he may run a risk of being sued by his client, if the sale is thereby damaged or rendered less successful than it would have been if held at a more appropriate time. Cattle must not be sold by auction at any mart, or market, or fair, unless the prescribed facilities for weighing are provided. (See

AUCTIONEER.) As to sales under process of law, see DISTRESS, EXECUTION.

Before an auction is commenced, the auctioneer must, under a penalty of £20, exhibit in a conspicuous part of the auction room or place of sale a board or ticket bearing his full name and address, and must keep it exhibited during the whole time of auction.

Auctions are generally governed by conditions of sale, which are printed in the particulars of sale or the catalogue of the articles to be sold, and are announced at the time of sale. They bind both the seller and the buyer, and are, as a rule, sufficiently communicated to bidders if exhibited publicly and legibly in the auction room.

The usual course of procedure at an auction is for the auctioneer or the solicitor for the vendor to read or draw attention to the leading conditions of sale, and for the auctioneer then to give a description, more or less flowery and seductive, of the article about to be offered for sale. If such statements are untrue or grossly exaggerated they may give ground for the avoidance of any subsequent sale by reason of misrepresentation, and may render the auctioneer liable to an action by the vendor in respect of any loss caused by the sale going off, or to an action by the purchaser for breach of warranty of authority. Bids are then invited from those present. The method of progression of bids is generally regulated by the conditions of sale. A bid is an offer by the bidder to purchase, and may be withdrawn by him at any time before it is accepted by the auctioneer announcing the completion of the sale. The bidding goes on for as long as the auctioneer can induce bidders, and when he considers that no more are forthcoming he knocks the property down to the highest bidder, or to the highest undisputed bid, or if such bid is lower than the reserve price, if any, he withdraws the property. A deposit of a prescribed percentage of the purchase money is paid by the purchaser to the auctioneer, and the auctioneer then either obtains the signatures of the parties to a contract of sale, or signs it himself as their agent and on their behalf.

In the case of a sale by auction of chattels, the following provisions of the Sale of Goods Act, 1893 (see SALE OF GOODS), apply—

"(1) Where goods are put up in lots, each lot is *prima facie* deemed to be the subject of a separate contract of sale.

"(2) The sale is complete when the auctioneer announces its completion by the fall of the hammer, or in other customary manner. Until such announcement is made, any bidder may retract his bid.

"(3) If the sale is not notified to be subject to a right to bid on behalf of the seller, it is unlawful for the seller to bid himself or to employ any person to bid at such sale, and for the auctioneer knowingly to take any bid from the seller or any such person. A sale contravening this rule may be treated as fraudulent by the buyer.

"(4) The sale may be notified to be subject to a reserved or upset price, and a right to bid may also be reserved expressly by or on behalf of the seller. Where a right to bid is expressly reserved, but not otherwise, the seller, or any one person on his behalf, may bid at the auction."

If the price of any particular article is £10 or

over, the provisions of Section 4 of the Sale of Goods Act, 1893 (see SALE OF GOODS), apply; but the auctioneer is the agent for both buyer and seller to sign any required note or memorandum in writing.

In the case of a sale of land by auction, the conditions are usually very explicit, and a written contract is generally entered into between the buyer and the seller providing for the completion of the purchase in accordance with the conditions. This agreement also complies with the requirement of Section 4 of the Statute of Frauds (*qv*) as to writing being necessary for a contract concerning land. The particulars and conditions must expressly state whether the sale is with or without reserve, or whether a right to bid is reserved to the seller, and unless this is done it is illegal for the seller, or anyone on his behalf, to make a bid.

If two or more persons take part in a mock auction and by sham bidding induce a person to buy at an excessive price, they may be prosecuted for a criminal conspiracy, but an agreement between two or more persons not to bid against each other, in order that the auction may result in a knock-out, and the goods be sold at much below their real value, is not illegal. Improper or fraudulent acts which are intended to "damp" the sale, i.e., to prevent the goods from fetching a fair price, will entitle the auctioneer to withdraw the property, and may render any purchase by a guilty person liable to be avoided by the seller.

AUCTIONEERS.—An auctioneer is a person whose business it is to sell goods or other property by auction (*qv*). He must, under a penalty of £100, possess an excise licence, which is personal to himself, and costs £10 a year, and must produce his licence when demanded at the time of a sale by any officer of customs or excise or of stamps and taxes, or deposit £10 with such officers. Failure to comply with this requirement renders the auctioneer liable to be arrested and sent to prison for a period not exceeding a month, and to a further penalty of £10 for acting, as an auctioneer without a licence. The licences expire on July 5th in each year, and must be renewed at least ten days before that date. They can be obtained at Somerset House or at the Inland Revenue office for the place in which the person resides. The licence covers the right to act as an auctioneer, appraiser (*qv*), and house-agent (*qv*). A licence is not required by a person selling goods under a warrant of distress for rent or tithes under £20, or by certain persons selling under an order of the court or of a public department, or selling fish at the place where it is first landed, or by persons who, though conducting sales, are exempt under the regulations for the time being of the Board of Inland Revenue. A woman may be an auctioneer and obtain a licence. A person, such as a "Cheap Jack," who hawks goods from place to place for sale by auction, must have a hawk's licence as well as an auctioneer's licence. (See HAWKER.)

Certain restrictions are imposed upon the sale of excisable articles by an auctioneer—the sale must be held upon premises licensed for the sale of the particular class of goods, or must be authorised by the Commissioners of Inland Revenue. Before he sells pawnbrokers' unredeemed pledges above the value of 10s. by auction, the auctioneer must see that proper catalogues are published containing the particulars required by the Pawnbrokers' Act, and must advertise the sale in a newspaper on at least

two days, which must not be less than three clear days before the first day of sale. Certain classes of pledges can only be sold on specially appointed days, and must not be mixed with other kinds. The auctioneer must comply with these and certain other regulations, or be liable to a fine of £10. (See PAWNBROKER.) In selling cattle, the auctioneer may be bound to make certain returns as to weight, etc., of any cattle entered for sale and sold. For other restrictions on an auctioneer, see AUCTIONS.

A person who acts as an auctioneer represents that he is properly qualified and is competent, and will be liable to anyone who employs him if he does not use such skill and knowledge and diligence as can reasonably be expected from a competent auctioneer, and if he fails in these respects he may be sued for damages by his employer. Thus, if he undertakes to settle the conditions of sale, he must do so with skill and knowledge, and if he sells without imposing proper and prudent conditions for the protection of his vendor, he will be liable for negligence. An auctioneer is a particular agent of the vendor. (See AGENCY.) He is also the agent of a purchaser for the purpose of making a binding contract of sale. He receives the deposit as a stakeholder for both parties, and, if he pays it to the vendor or returns it to the purchaser before the contract is properly completed or is rescinded, he will be liable to make it good to the party eventually entitled to receive it. If adverse claims are made to chattels or money in his possession, he may interplead (*qv*). The auctioneer's other duties to his employer are (1) to exercise ordinary care and diligence in the custody of the goods entrusted to him for sale, (2) not to part with the possession thereof until he has received the price, unless with the seller's consent (an auctioneer who lets a buyer take away goods without paying for them is liable to the seller for the price: on a sale of land, however, the auctioneer has usually only authority to receive the deposit and not the whole purchase-money, the payment of the balance being provided for in the conditions of sale); (3) to make a contract that is binding on the purchaser, (4) to account for all moneys received by him on the seller's behalf, and to pay over any balance after deduction of the proper expenses and his remuneration. If he exceeds his authority as agent for the seller, he may be personally responsible to a purchaser. (See AGENCY.) An auctioneer, being an agent for sale, must use his best endeavours to obtain the highest price possible for the property, and cannot himself be the purchaser.

The remuneration of an auctioneer may be fixed by express agreement. It is usually a percentage or commission on the prices realised, and is governed by the general rules relating to that form of payment (see COMMISSION), and, like other agents, an auctioneer has a lien (*qv*) on the goods entrusted to him for sale, and upon the proceeds of the sale, for his expenses and remuneration. If no sale results, the remuneration is generally fixed at some particular sum or is calculated on the reserve price. The usual scale of commission is: On sale of land, £5 per cent. on the first £100; £2½ per cent. up to £5,000; and £1½ per cent. above that sum. On sale of furniture, etc., £5 per cent. up to £500, and £2½ per cent. on the remainder. On sales under a distress for rent, the fees are fixed by the Distress for Rent Rules, 1888, as follows: Where the sum due exceeds £20, 7½ per cent. on the sum realised not exceeding £100; 5 per cent.

on the next £200; 4 per cent. on the next £200; and on any sum exceeding £500, 3 per cent. up to £1,000, and 2½ per cent. on any excess. Where the sum due does not exceed £20, 1s. in the £ on the net produce of the sale. On a sale by auction under process of execution issued out of the High Court, the scale is the same as that on a distress for over £20; and on process of the County Court, 1s. in the £ on the net proceeds. There are also special scales of fees in respect of sales in bankruptcy and in the winding-up of companies.

An auctioneer very often acts as an appraiser, estate agent, house agent, surveyor, and valuer (*q.v.*), and for his services in those capacities he is entitled to remuneration quite distinct from that he obtains in respect of auctions.

An auctioneer may in his own name bring an action against a purchaser of goods (but not, as a rule, of land), for the price of goods sold and delivered, and may maintain an action against anyone who wrongfully interferes with or damages or deprives him of the possession of goods, and may prosecute a person who steals the goods entrusted to him for sale.

Apart from his liability to his employer, and his possible liability to a purchaser, the chief danger of the auctioneer's business is the likelihood that he may be made the defendant in an action for conversion, which may be defined as any unauthorised act which directly causes a person to be deprived of his goods either permanently or for an indefinite time, or as an exercise of dominion or control over such goods for the benefit of some person who is not the owner thereof, or not entitled to the property in, or possession of, those goods. This liability most frequently arises when an auctioneer sells goods on the instructions and on behalf of a person who is not legally entitled to dispose of them, and especially in the case of goods obtained on the hire-purchase system (*q.v.*), and depends on whether the goods are dealt with by the auctioneer for the purpose of passing the property in them, when he will be liable for conversion, or whether he simply settles the price or merely acts as an intermediary between the supposed owner and the purchaser, when he will not be liable. The law on this point was well illustrated in the case of *Cochrane v. Rymill*, 40 L.T. Rep. 744, as follows: "The defendant had possession of these goods; he advertised them for sale, he sold them, and transferred the property in them, and therefore from beginning to end he had control over the property; and, unless we are prepared to hold contrary to all the definitions of conversion, we must hold that such acts amount to conversion. But the auctioneer will not be held guilty of conversion if he has not claimed to transfer the title; nor purported to sell, but has simply re-delivered the chattels to the person to whom the man from whom he received them told him to deliver them." The knowledge of the auctioneer as to the true ownership of the goods is in general immaterial, but when goods are delivered to an auctioneer by a mercantile agent (see AGENTS, FACTORS) acting in the course of his ordinary business, who is in the possession of the goods with the consent of the true owner, the auctioneer will not be liable for selling the goods, providing he acts in good faith and without notice of the claim of the true owner. An auctioneer who is liable for conversion is responsible for the true value of the goods, and not merely for the proceeds of the sale.

AUDIT.—The examination of the accounts of any business concern by a person who sees the statement of affairs and verifies the same by reference to vouchers, etc. The object of an audit is to see that the accounts represent in fact the true state of the business dealt with. (See AUDIT AND AUDITORS.)

AUDIT AND AUDITORS.—The object of an audit is threefold, viz.—

- (1) The detection of errors of commission;
- (2) The detection of errors of principle; and
- (3) The detection of fraud.

The last-mentioned may or may not be concealed by entries made in the books which would naturally also fall under the headings of either (1) or (2), and the careful auditor will proceed on this hypothesis.

(a) **The Attitude of the Auditor.** It has been laid down by Lord Justice Lindley, in the case of the Kingston Cotton Mill Co., Ltd., that an auditor need not approach his work with suspicion. Nevertheless, it is submitted that an auditor should constantly bear in mind that his duty includes the detection of fraud, and that would appear to involve the taking of such precautions as are necessary to insure, for instance, that figures are not altered during the audit, that all income from investments has been duly received, etc.

The attitude of the auditor may vary slightly by reason of circumstances. Thus the auditor to a limited company or other incorporated body is appointed in the interest mainly of the shareholders, or, it may be, subscribers, and has a certain moral responsibility also to future shareholders and others. Where he is appointed by a sole trader or by a partnership firm, his duty is to his employers, though here again he has a moral responsibility in regard to a bank or possible lender of money before whom his balance sheet may be laid. In the main, however, the attitude of the auditor should be an impartial one.

(b) **The Advantages of an Audit.** The advantages accruing from an audit are obvious. Present day commerce is of such complexity that only a trained and skilled person can be relied upon to insure accurate accounts being rendered, and usually the number of individuals interested is so large that they could not satisfactorily do such work themselves, even were they competent. Again, the appointment of a good auditor makes for stability as regards the outside world, and in such a case as an audit of executors' and trustees' accounts, criticism and suspicion are allayed. (See EXECUTORS' ACCOUNTS.)

The Companies (Consolidation) Act, 1908, recognises this, and the auditors are empowered in the case of the audit of a limited company's accounts to demand of the directors "such information and explanation as may be necessary for the performance of the duty of the auditors."

(c) **Audits.** There are said to be two classes of audits: (1) The completed audit, and (2) the continuous audit. In the first, the work of the book-keeper is complete before the auditor commences; in the second, usually that of a large concern not having very frequent stocktakings and balance sheets, the work is checked up to a particular date without the books being "closed." The first has the advantage that all figures being inked in and balances extracted, etc., alterations by the book-keeper, during audit, deliberate or otherwise, are more easily discovered. The continuous audit is

advantageous in that the book-keeper is kept up to his work, being under the necessity of having his books in order up to the arranged date; errors are rectified earlier; and also the drawing of the balance sheet is much facilitated when the time for it arrives. The "surprise" audit is a kind of continuous audit, the auditor coming in without notice to the book-keeper or cashier, who must produce the books, and verification of bank and cash balances takes place. By this means it is possible to prevent a cashier borrowing or embezzling money during a period and making the same good before audit.

The methods of the auditor must necessarily vary according to the individual case. Thus he must in all audits conduct such operations as will satisfy him: (1) That the entries in the books of account are accurate so far as shown by the books; (2) that the entries in the books of account are justified by facts, such as the production of receipts for all payments made, invoices for all goods purchased, etc., making full use of correspondence or any other source of information that may be available; (3) that the requirements of any Act of Parliament applying generally to the circumstances of the particular audit, as also any special Act of Parliament, Letters Patent, Royal Charter, Deed of Settlement, Deed of Partnership, Probate of the Will, Trust Instrument, or Memorandum and Articles of Association have been complied with; (4) that the accounts certified by him are clear and contain no concealment or misrepresentation; and (5) that the particular interests of the persons appointing him are safeguarded.

The larger firms of accountants place in the hands of the clerk in charge of an audit an "audit note-book," which is usually drawn up by one of the principals at the first audit, and specifically enumerates the work to be done, with space for the initials or signature of the clerk performing it. Other audit note-books are without this detail, but all provide for the record of all matters not of an ordinary nature, such as explanations given by a director regarding the increased value of the stock-in-trade, etc.

Usually the auditors employ a distinctive tick, and the best plan is for each clerk to have a separate one. Also whenever a figure has been crossed out and another substituted, a special tick should be used, and thus any such figure without the special tick should be carefully traced. Erasures should be prohibited, and different coloured inks may be employed by the auditors at subsequent audits.

The following procedure in connection with the audit of the accounts of a limited company carrying on a manufacturing business will be of interest—

1. Compare balances in sales, purchase, nominal and private ledgers at commencement of period with the schedules of same used at previous audit, so as to discover alterations.

2. Read the memorandum and articles of association of the company, carefully making sufficient extracts from same of matters affecting the accounts, such as the form in which the accounts are to be rendered, the nominal capital and the shares into which it is divided, and any regulation as to provision for redemption of debentures, etc.

3. At first audits, obtain a complete list of all books kept by the company, and read and note agreement of purchase.

4. At first audit, and at subsequent audits of periods during which an issue of capital has been made—

(a) Read the prospectus (if any).

(b) Check the cash received on account of shares from the bank pass book to the cash book, and thence to application and allotments book and share register.

(c) Examine the forms of application so as to ascertain that no bogus applications have been made, and compare total applications with minimum subscription requirements in articles of association, and with authorised capital in memorandum of association.

(d) See that the allotment minutes are in order and that each allottee has been notified by allotment letter. Check entries to application and allotment book and share register.

(e) Ascertain that contracts in proper form have been registered with the Registrar of Joint Stock Companies in respect of shares issued as fully or partly paid otherwise than for cash.

(f) Check totals of application and allotment book, see that total capital paid-up and issued as per share register agrees with share capital accounts in private ledger, and ascertain from share certificate counterfoils that share certificates are in agreement.

(g) When a call has been made, see that the same has been in accordance with articles of association, examine the minute, check the entries in call book and share register, verify cash book with bank pass book, and check cash to call book and share register. Compare total balances of share register, as regards capital paid-up, with balance on share capital accounts in private ledger.

(h) See that proper stamped transfers are produced for all transfers of shares, and check register of transfers with share register unless transfers are very numerous, when a few here and there should be taken.

5. Examine vouchers of cash book payments. Item to be ticked as vouched in cash book when voucher examined. See that receipt is in order as to names of both parties to transaction, date, amount, tick or stamp same prominently. Inquire into the system of payment of wages, noting weak points; check additions of wages book; and compare same for at least two weeks out of each year with employees' work books. Examine petty cash vouchers in above manner, check cash to debit, additions and balances, and go through unvouched items with responsible official. Note system on which petty cash is worked. First premiums on fire insurances vouched by acknowledgment in policy. Purchases of stocks and shares vouched by production of brokers' bought notes. Make list of any missing vouchers, and obtain principals' signature if copies cannot be got.

Check bank pass book with bank column in cash book, and also require certificate of balance by bank.

Call over counterfoil receipt books to debit side of cash book. Compare cash till sheets in same manner for cash sales.

Dividends on bad debts to be verified by production of dividend notices.

Cash balance in hand at end of period to be counted and agreed.

6. Check postings of sales book to sales ledgers.

and verify additions, checking posting of totals to nominal ledger. Inquire into system of writing-up sales book, so as to guard against goods being sent out uninvoiced, and also with a view to fraud.

7. Check postings of purchase book to purchase ledgers, verifying additions and checking of posting totals of analytical columns to nominal ledger. Examine invoices as to date, names, nature of goods supplied, noting particularly items of capital expenditure; see that each invoice has been initialed as to quantities, prices, additions, and extensions, and that the initials are regular. Tick each item in purchase book for which an invoice is produced, and see that same is extended in appropriate analytical column after stamping invoice. Make list of missing invoices, obtaining copies where possible, and lay list before principal for signature. No item of capital expenditure to be passed without production of the invoice.

8. Check postings and additions of returns books. In the case of returns inwards, examine debit notes and stamp same. Make list of missing debit notes for submission to principal.

9. Check postings, additions, and cross entries of cash book.

10. Check postings of journal to all ledgers, and verify all entries by reference to correspondence, etc. Where necessary, carefully inquire into the reason for entries of an extraordinary nature.

11. Check additions and balances of sales ledger, ticking list of debtors. Observe and note unticked items in the ledger and see that totals agree where accounts are ruled off. Scrutinise accounts, marking on list those that are overdue, or on which payments on account appear. Examine list of debtors in detail with a responsible official of the company, checking total reserve for bad and doubtful debts and also for discounts.

12. Check additions, balances, etc., of purchase ledger, and tick list of creditors. Check reserve for discounts.

13. After checking additions and balances of nominal and private ledgers, tick trial balance therefrom, and also from lists of debtors and creditors, and cash and bank balances. Cast and agree trial balance. It is a good plan to obtain possession of the latter when commencing the audit, retaining same until completion. All work should as far as possible be done at one sitting; where this is impracticable, sufficient notes of totals, etc., should be taken so that no figures can be altered or, for instance, ticks falsified to pass unvouched and fraudulent items.

14. Ascertain that the stock of goods on hand has been accurately taken, checking additions and extensions, and comparing some of the prices with the invoices. Basis of valuation to be the lower of cost or market price. Stock book to be signed by officials taking responsibility for quantities, prices, additions, and extensions. If practicable, apply approximate check on value of stock by adding purchases and manufacturing wages during period to opening stock, and ascertaining difference between that figure and total sales during period, after deducting from the latter the usual percentage of gross profit. If any material difference is shown, inquire into and ascertain reason for same, seeing that all invoices for goods received before stocktaking have been charged through as purchases. If a system of stock-keeping is in operation, compare the detailed inventory with the records of the stock-keeper. Where stock is in the

hands of railway companies, dyers, bleachers, finishers, etc., notes should be obtained from them stating details and quantities of goods held. Goods on sale or return if charged to customer through sales book should not be included in the stock. All trade and cash discounts to be deducted from stock value.

15. Check reserves for expenses accrued but unpaid, also adjustments in respect of expenses paid in advance. Information as regards the various items requiring such apportionment is best collected whilst the vouchers of the cash book are under examination.

16. Examine or construct trading account, profit and loss account, and balance sheet in the form required by the regulations of the company. Where advertising or a similar expense of large amount is carried forward as an asset, a minute of the directors authorising same should be seen. No transfers to reserve fund should be passed until authorised by resolution of the shareholders, and similarly with dividends, which should not be entered in the books of account until after sanction of the general meeting. All contingent liabilities, such as the total of bills of exchange under discount, arrears of cumulative preference dividend, etc., should be noted at the foot of the liabilities side of the balance sheet.

17. Verify the assets appearing in the balance sheet in the following manner: Freehold and leasehold property by production of title deeds, or leases, often in hand of bank for safe custody or by way of equitable security, in which case the bank should be requested to acknowledge same. Plant and machinery should, subject to depreciation, be in agreement with detailed inventory, which should be seen and the totals checked. Goodwill, subject to amounts written off from time to time, should be stated at the price originally paid for same, and patents should be verified with the accounts of the patent agent, accompanied by certificate of patent office, or the agreement of purchase should be seen. As to depreciation, of all assets requiring same, care should be taken that proper provisions are made, for which see article DEPRECIATION. Stock of goods on hand, cash at bank and in hand, and sundry debtors have already been dealt with. Bills receivable should be seen and agreed in total, or if in hands of bank, a note should be obtained from the bank giving details of bills held. Investments held by the company should be verified by examination of share certificates, or in the case of inscribed stock by certificate of the bank at which they are inscribed. The memorandum of association must contain powers authorising the holding of investments, and it is usual for the auditor's report to state the market value of same on the date of the balance sheet. Where insurance funds, depreciation funds, reserve funds, or debenture redemption funds exist and are specifically invested, the auditor should see that the investments are represented at exactly the figure of the particular fund on the liabilities side. Investments are generally shown in the books at cost. The auditor should see that all dividends from same are brought into the accounts.

As regards the liabilities side of the balance sheet, the nominal, subscribed, and paid-up capital should be shown, less any shares forfeited for non-payment of calls, and cash paid on shares subsequently forfeited will be shown as forfeited

shares. The minute of the directors relating to the forfeiture will have been seen, and same must be in strict accordance with the articles of association. Sundry creditors, reserves, and reserve funds, etc., have been dealt with. The balance of profit and loss account, if a profit, will be shown, last, the amount brought forward from the last period being then added, and any interim dividend deducted. Where a loss has been made, the same will be shown last on the assets side, added to previous losses, or with previous balances of divided profit deducted. If the accounts are then in order, the auditor, after seeing that the balance sheet has been signed by two of the directors, should annex his report to same, stating any qualifications which he deems necessary. The following will illustrate the statutory form of report—

To the Shareholders of the Blank Manufacturing Company, Limited

Ladies and Gentlemen,—

I have audited the above Balance Sheet, and have obtained all the information and explanations I have required. Apart from the fact that I consider the amount set aside as Depreciation on Machinery and Plant to be insufficient, the above Balance Sheet is, in my opinion, properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of my information and the explanations given to me, and as shown by the Books of the Company.

I am,

Your obedient Servant,

A. B.

Auditor.

The audit of Executorship and Trust Accounts has many difficulties not found in other audits. The following outline of the auditor's duties will serve as an indication of these—

(1) Examine probate of the will or trust instrument, making all necessary notes and extracts.

(2) See that all assets mentioned in the probate affidavit have been brought into account, and also see all papers, books, and private records of the deceased which are likely to throw light on the various items of property of which he was possessed.

(3) Examine probate affidavit and compare the amount of estate duty and interest paid with the entry in the cash book. Where, at the request of the persons liable therefor, estate duty on specifically devised realty or personal property in the nature of *donationes mortis causa* or *inter vivos* gifts has been paid by the executors, care must be exercised to see that the persons liable have been debited with same in the ledger.

(4) Check all vouchers for payments to credit side of cash book, and verify bank balance with bank pass book, also obtaining certificate of same from bank. See brokers' bought notes for investments purchased.

(5) See dividend warrant counterfoils, etc., in respect of dividends received, and check all apportionments of interest, dividends, etc., as between capital and income.

(6) Verify sale of investments by reference to brokers' sold notes, sales of property by auctioneers' accounts, etc., rents received by reference to rent roll, etc.

(7) Check cash book additions and postings.

(8) Ascertain that all income earned by the investments of the estate has been brought into the accounts.

(9) Where a rent roll is kept, the same should be exhaustively checked by reference to leases, agreements, etc., or, if weekly property, incomings and outgoings may be checked in the agent's account. Allowances for income tax should be proved by production of receipt for same. Authority for allowance for repairs to be inquired into.

(10) If a journal is in use, see that the opening entries are in proper order.

(11) Where legacies are not left free of duty, see that same has been deducted on payment, and examine residuary account.

(12) Inquire into method of providing for or paying annuities if any, seeing that same is not contrary to the terms of the will, and also observing that income tax is deducted.

(13) Where a business is carried on by the executors, see that they are so authorised in the will, and examine the audited accounts of the business as to net profit or loss arising therefrom.

(14) Where the deceased had an interest in a partnership firm at the date of his death, ascertain from partnership articles and audited balance sheet the value of same, or where no provisions are to be found in partnership articles relating to the valuation of the share of a deceased partner, examine audited balance sheet drawn up as at date of death, and compare same with the amount at which the interest in the partnership is stated in the executorship books.

(15) Verify the existence of the various investments, properties, etc., by production of scrip, title deeds, etc. Ascertain that all investments are authorised either by the will or by the Trustee Acts.

(16) Check additions of journal and ledger, and verify journal entries (if any). Check journal postings and tick ledger balances to trial balance.

(17) Ascertain that the provisions of the will have been carried out as to payment of annuities and legacies and distribution of residue.

(18) Check or draw up balance sheets and income account. Income not yet received must not be brought into the accounts, except upon death of a life tenant.

(19) Certify and report on accounts, complying with section 13 of the Public Trustee Act, 1906, if the appointment of auditor has been made thereunder.

The audit of a Building Society is worthy of notice, and the transactions are similar in many respects to those of a bank. A Building Society borrows money at interest from shareholders and depositors, and lends money on mortgage of freehold or leasehold property. The shareholders, depositors, and "investors," as the persons are called who pay in money of small amount, each have accounts in appropriate ledgers, and to them pass books are issued, in which the cash transactions and interest are entered. The "advanced members," by which name the mortgagors of property to the society are known, have each an account in ledgers of that name. So as to eliminate a great amount of detail from the cash book, subscription books are kept in which the cash paid by the investors and advanced members is recorded after being put through a counter book, and the total of the subscription books is debited to the cash book monthly.

The auditor would, therefore—

(1) Count cash balance and agree bank balance as per cash book with that shown by bank pass book, obtaining certificate of balance from Bank.

(2) Examine vouchers of cash book payments as to current expenses, investments withdrawn, interest on investments, deposits withdrawn, interest on deposits, shares withdrawn, and interest on shares. When fresh advances are made, see that same are entered in deed book.

(3) Check counter book to subscription books.

(4) Check additions of subscription books, monthly totals to debit of cash book, and postings of subscription books to ledgers.

(5) Check postings of cash book to all ledgers and verify additions of cash book.

(6) Check postings of interest books to ledgers and totals to nominal ledger. Ascertain the method of calculating interest, and compare totals with previous periods.

(7) Verify additions and balances of ledgers, ticking list of balances. Obtain as many pass books as are available, and compare with list of balances.

(8) See that all properties mortgaged to the society are insured against fire by means of deed book, which contains details of each mortgage to the society.

(9) Inspect all deeds of properties mortgaged to the society, observing names, principal sum, and situation of property, comparing amount of present indebtedness.

(10) Where possession has been taken, vouch the income and expenditure on the property.

(11) Check final accounts, viz. receipts and payments account, statement showing the operations of the year, and liabilities and assets account, particularly as regards the differentiation of the mortgages to the society.

(12) Draw up and sign auditor's certificate complying with requirements of Building Societies Act, 1894.

(13) Compare published accounts as issued with the accounts as audited.

It should be understood that the auditor need not wade through all the detail of an audit, and where there is a large mass of postings, for instance, the same moral effect is produced in the mind of the book-keeper if a number are checked here and there, provided that the book-keeper is unaware which are to be selected. In this connection it may be noted that the auditor may make valuable use of self-balancing ledgers and such devices as experience suggests, and sometimes it is worth while to raise total accounts for debtors or creditors on paper, where much labour can be saved thereby. Methods of this kind are quite permissible, provided all possible loopholes are watched. Thus, where total accounts have been raised in respect of book debts, the following precautions are obvious—

(1) Careful study of the methods of internal check, particularly as regards the dispatch of goods, and automatic record of same through day book.

(2) Strict scrutiny of debit notes passed and inquiry as to such as are missing.

(3) Vouching of debts written off as bad by reference to documents.

(4) Scrutiny of sales ledger, and noting of overdue accounts and accounts where no definite settlement has taken place.

(5) Inquiry into excessive discounts, and careful tracing of transfers.

In all cases, the auditor should make himself

thoroughly familiar with the methods of internal check in vogue, which will assist him materially in arranging his plan of audit.

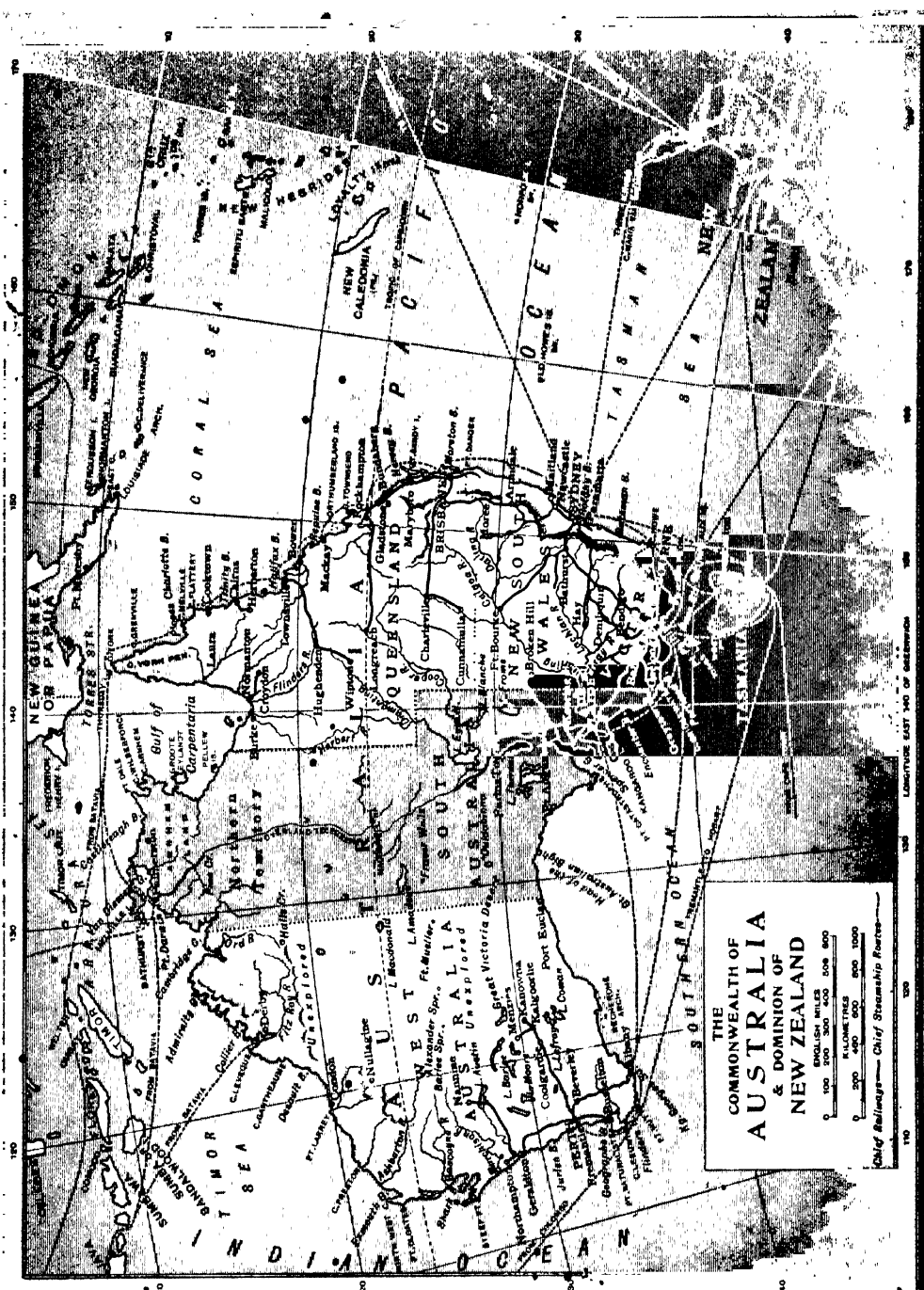
Goods on sale or return, or on consignment, require consideration. Items of this description should be so marked in the sales ledger, and as it is usual for goods on consignment to be sent out with a margin of profit added, care should be taken to see that a sufficient percentage is provided in the shape of a reserve for such profit, which should be deducted from the figure shown in the balance sheet and only the balance extended. In some businesses, where returns or allowances are common, as in the dyeing and finishing trades, special attention should be given thereto, and to the contingency of claims for damaged cloth, etc. Work in progress and goods sold for future delivery are frequent sources of difference of opinion between directors and auditors, as the former often desire to take credit in the profit and loss account for a portion of the profit which it is expected will accrue when the transactions are complete. This should be strenuously resisted by the auditor, and such assets ought only to be valued at the lower of cost or market price.

The question of secret reserves needs consideration. It is submitted that strong arguments are forthcoming in favour of the creation of secret reserves in the case of a bank, by means of excessive writing down of buildings, etc., by reason of the fact that continued stability and maintained dividends are important not merely to the shareholders, but in the public interest. Where the audit is that of a mercantile concern, which after a successful period of trading seeks to hold back a portion of its profits by means, say, of an undervaluation of stock, the position is rather different. In all cases, the auditor must consider the question of injustice to present shareholders and unlooked-for benefit to future ones, and having weighed all the circumstances of the particular firm, will decide accordingly.

Another matter requiring discussion is the relative value of assets. Suppose certain machinery is stated in the books of a firm at a value which, after deducting the depreciation already set apart on same, leaves the amount in excess of that at which similar machinery can be bought. Should this be mentioned in the auditor's report? In the writer's opinion the auditor should point out the necessity for an increase in the rate of depreciation, for it is understood in modern accounting that the cost of a fixed asset constitutes its value to the particular firm subject to depreciation, and that a rate of depreciation should cover risks of obsolescence.

On a purchase of investments cum div. (*q.v.*) an apportionment will be required when the dividend is received, only the proportion of dividend accruing after the date of purchase being treated as profit, the other portion going in reduction of the cost price. The converse applies on the sale of investments cum div., a portion of the proceeds ascertained as being earned prior to sale being treated as profit. This practice does not apply to the accounts of an executor or trustee.

Where a company has, in accordance with its regulations, provided for the repayment of debentures by creating a debenture redemption fund out of profits, the question arises as to how the credit balance on the latter account is to be treated when the debentures have been repaid. The correct



course is to transfer the amount to the credit of a permanent reserve fund, which must not be used for the purpose of equalising dividends. Where debentures are issued at a lower figure than that at which they are to be redeemed, probably the best way is to credit debentures account with the amount necessary to bring that balance up to the redemption figure, debiting same to a "cost of issue of debentures" account, which should be written off in proportion to the number of years which are to elapse before redemption.

The remuneration of an auditor is always a matter of agreement, the amount depending upon the nature and the extent of the audit. The general rule is to pay one inclusive fee.

AUDITORS OF JOINT STOCK COMPANY.—The following are the provisions of the Companies (Consolidation) Act, 1908, as to the appointment, remuneration, powers, and duties of auditors of joint stock companies—

"112. (1) Every company shall at each annual general meeting appoint an auditor or auditors to hold office until the next annual general meeting.

"(2) If an appointment of auditors is not made at an annual general meeting, the Board of Trade may, on the application of any member of the company, appoint an auditor of the company for the current year, and fix the remuneration to be paid to him by the company for his services.

"(3) A director or officer of the company shall not be capable of being appointed auditor of the company.

"(4) A person, other than a retiring auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice of an intention to nominate that person to the office of auditor has been given by a shareholder to the company not less than fourteen days before the annual general meeting, and the company shall send a copy of any such notice to the retiring auditor, and shall give notice thereof to the shareholders, either by advertisement or in any other mode allowed by the articles, not less than seven days before the annual general meeting:

"Provided that if after notice of the intention to nominate an auditor has been so given an annual general meeting is called for a date fourteen days or less after the notice has been given, the notice, though not given within the time required by this provision, shall be deemed to have been properly given for the purposes thereof, and the notice to be sent or given by the company may, instead of being sent or given within the time required by this provision, be sent or given at the same time as the notice of the annual general meeting.

"(5) The first auditors of the company may be appointed by the directors before the statutory meeting, and if so appointed shall hold office until the first annual general meeting, unless previously removed by a resolution of the shareholders in general meeting, in which case the shareholders at that meeting may appoint auditors.

"(6) The directors may fill any casual vacancy in the office of auditor, but while any such vacancy continues the surviving or continuing auditor or auditors, if any, may act.

"(7) The remuneration of the auditors of a company shall be fixed by the company in general meeting, except that the remuneration of any

auditors appointed before the statutory meeting, or to fill any casual vacancy, may be fixed by the directors.

"113. (1) Every auditor of a company shall have a right of access at all times to the books and accounts and vouchers of the company, and shall be entitled to require from the directors and officers of the company such information and explanation as may be necessary for the performance of the duties of the auditors.

"(2) The auditors shall make a report to the shareholders on the accounts examined by them, and on every balance sheet laid before the company in general meeting during their tenure of office, and the report shall state—

"(a) whether or not they have obtained all the information and explanations they have required; and

"(b) whether, in their opinion, the balance sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company.

"(3) The balance sheet shall be signed on behalf of the board by two of the directors of the company or, if there is only one director, by that director, and the auditors' report shall be attached to the balance sheet, or there shall be inserted at the foot of the balance sheet a reference to the report, and the report shall be read before the company in general meeting, and shall be open to inspection by any shareholder.

"Any shareholder shall be entitled to be furnished with a copy of the balance sheet and auditors' report at a charge not exceeding sixpence for every hundred words.

"(4) If any copy of a balance sheet which has not been signed as required by this section is issued, circulated, or published, or if any copy of a balance sheet is issued, circulated, or published without either having a copy of the auditors' report attached thereto or containing such reference to that report as is required by this section, the company, and every director, manager, secretary, or other officer of the company who is knowingly a party to the default, shall on conviction be liable to a fine not exceeding fifty pounds.

"(5) In the case of a banking company registered after the fifteenth day of August eighteen hundred and seventy-nine—

"(a) if the company has branch banks beyond the limits of Europe, it shall be sufficient if the auditor is allowed access to such copies of and extracts from the books and accounts of any such branch as have been transmitted to the head office of the company in the United Kingdom; and

"(b) the balance sheet must be signed by the secretary or manager (if any), and where there are more than three directors of the company by at least three of those directors, and where there are not more than three directors by all the directors."

AUSTRALIA.—This great island continent lies altogether in the southern hemisphere, and politically it forms one of the greatest parts of the British Empire. Its area is nearly 3,000,000 square miles

(including the island of Tasmania), and it is, therefore, about three-fourths the size of Europe. Its greatest length from north to south is about 1,970 miles and its greatest breadth 2,400 miles. Its population is between four and a quarter and four and a half millions, more than 90 per cent. being of British extraction. Various causes are at work which prevent this mighty continent from being adequately populated, and political considerations may quickly arise to change its whole economic position.

Relief. Australia is a continent singularly different in its physical features from any other of the large tracts of land on the earth. With few mountains and rivers—the latter either running part of their course underground or disappearing altogether—with a flora and fauna altogether exceptional, it is yet found tolerably well adapted to European habits, and has been peopled from its antipodes. It has no mountain axis, properly so-called, and no circle of mountains, few permanent lakes, and scarcely any important rivers. Much of the interior is level.

Large areas are considerably above the sea, though very level; and there are no great contrasts of form, as in other lands, except along the eastern coast. Although once thought inaccessible, and, owing to the absence of navigable streams, almost uninhabitable by civilised man, later explorations and the successful journeys which have been made across the country, from sea to sea, tend to prove that the difficulties of reaching and cultivating the interior have been exaggerated, and that settlements will gradually extend backwards, especially from the south and north, until they meet at the almost unknown centre of the island-continent. At any rate, there are no lofty mountains, no large lakes, and no interruptions of desert land to interfere with this result.

In the continent of Australia there are no lofty mountain chains. One important system, however, stretches behind the east coast, in a nearly north and south direction. This chain, which is known generally as the Dividing Range, nowhere recedes more than 150 miles from the coast. Its height varies, in different parts, from 2,500 ft. to more than twice that altitude above sea-level, the loftiest point, Mount Kosciusko, is 7,300 ft high. These mountains are exceedingly wild and rugged, and have numerous spurs projecting at right angles from the chain, forming dark and almost subterranean gullies nearly inaccessible, and helping to render the chain much more formidable than far loftier elevations in other countries.

Along the whole of the south and west coasts the land rises immediately to the vast flats of the interior. Thus, almost the whole country partakes of the same geographical features, and this monotony is unfavourable for the development of the higher kinds of vegetables and animals. The greater part of the western and southern sides of Australia seems to consist of tablelands of moderate elevation.

Australia is remarkable for the extreme rarity and small size of its rivers in proportion to the extent of the land. The only one of importance is the Murray, with its tributaries, the Darling, Murrumbidgee, and others. After a tortuous course of 1,600 miles, commencing at the west side of the Dividing Range, the combined stream enters the ocean, having drained the south-eastern portion of Australia. It is too shallow for navigation except by small vessels.

The Australian lakes are very large at certain seasons, but one lake is converted into half a score

of mere ponds in the dry weather. Originally visited and described by Eyre, the explorer, in the year 1840, Lake Torrens, in South Australia, was followed for 400 miles, and its width was found to vary from 15 to 20 miles. It is very shallow. It has since been seen broken up into a multitude of pools. Two hundred miles to the south of Lake Torrens is the Alexandrian Lake, an expansion of the River Murray, about 30 miles across.

Geology. The continent of Australia, just like Tasmania and New Zealand, exhibits a variety of geological formations from the old gold-bearing rocks to the more recent gravels and coral reefs. It is particularly rich in the useful metals and minerals—gold, copper, iron, coal, limestone, marble, and building stones.

Climate. As it is actually almost entirely in the south temperate zone, the seasons in Australia occur at opposite times of the year to those of Great Britain, Midsummer day falling in December, and mid-winter day in June. The north of Australia, lying well within the tropics, has a tropical climate, with well-marked wet and dry seasons, the wet season being during the summer months. The seaward side of the eastern mountains is on the track of the S.E. trade winds and has plenty of rain. Much of the interior, like the corresponding regions on the tropic of Capricorn in South Africa, and the tropic of Cancer in North Africa and Arabia, is practically rainless. The south-west corner of the continent receives most of its rain in the winter months. Tasmania has rainfall throughout the year. In parts of the interior where destructive droughts frequently occur, water for sheep is obtained from artesian wells, and agriculture is being pushed further inland as opportunities for irrigation are utilised. The temperature of the southern parts of the continent is similar to that of the Mediterranean countries of Europe. New Zealand, like Tasmania, lies in the track of the westerly winds, so that, as in Britain, the western side has abundant rain while the east is much drier. These conditions are most marked in South Island, where the damp, western sides of the Southern Alps are covered with dense forests and indented by fiords, while to the drier east are the grassy Canterbury Plains.

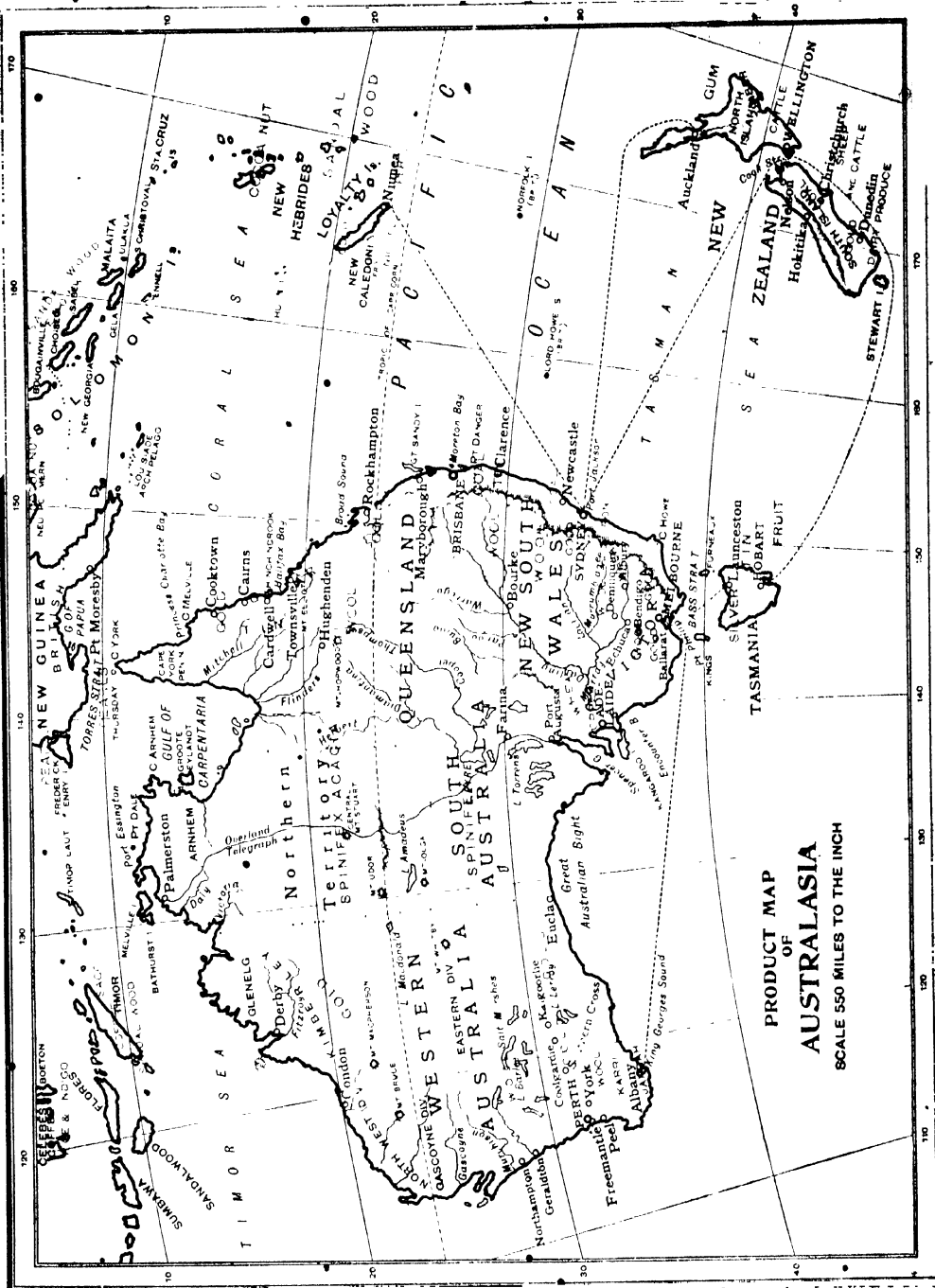
Flora and Fauna. In the extreme north are tropical forests, on the east sub-tropical and temperate forests. In these latter the characteristic tree is the Eucalyptus, of which there are many species—blue gums, iron barks, stringy barks, jarrah, karri, etc. There are also forests, from which the last two are exported, in the south-west corner of Western Australia inland from the forest areas are the great grass-lands, passing through scrub-lands to the arid interior.

All the cultivated plants, the cereals, fruits, and vegetables, from the vine, olive, peach, and sugarcane, down to the humblest garden produce, can be grown to perfection.

With the exception of the dingo, or native dog, there were no mammals in Australia at the time of its discovery beyond kangaroos, opossums, wombats, and other marsupial or pouched quadrupeds.

All the domesticated animals have been introduced by the settlers, to whom the region is also indebted for many of the song-birds, useful insects, and fishes of other countries.

Commercial Products. Nine-tenths of the trade of Australia is earned on between the different divisions making up the Commonwealth or with the Mother Country. Gold, which led to the settlement



of this continent, is still mined in various parts, and sheep-farming is almost everywhere followed with the best results. Wool is, in fact, the great staple product of this part of the world. In three or four of the largest coast cities some of this product is manufactured, but woollen goods are still a valuable import from the United Kingdom.

Political Divisions. The five great divisions of Australia are New South Wales, Victoria, Queensland, South Australia, and West Australia. These, together with Tasmania, form the Commonwealth of Australia, established in 1901. At present, the Parliament of the Commonwealth sits at Melbourne, but the site of the new capital has been selected in the Yass-Canberra district in New South Wales.

Detailed information of each of the divisions of Australia is given under separate headings.

AUSTRIA AND HUNGARY.—Prior to the Great War, Austria and Hungary together formed the largest empire on the continent of Europe after Russia. It embraced an area, including Bosnia and Herzegovina—which were annexed in 1908—of over 260,000 square miles, and was thus about twice the size of the United Kingdom. Its population was a little over fifty millions. This Empire is now in a condition of dissolution, and it is exceedingly probable that it will break up into a number of separate States—most likely republican in form—with the exception of those parts which are annexed to, or absorbed into, other States. Thus, a portion of the German-speaking people may throw in their lot with one or other of the German States, others will join Serbia, a portion of the Tyrol and the districts behind Fiume and Trieste will become Italian; whilst Transylvania will sever its connection with Hungary and probably join Rumania. The Czech-Slavs have already declared for a republic under the name of Czechoslovakia, and Hungary is also a separate republic. Likewise the Poles and the Rutenians have declared themselves independent. At the time of going to press everything is in doubt, and changes of a drastic character may be expected at no distant date. For the present, therefore, it has been considered advisable to leave the text and the maps as they were in the previous edition—subject to certain minor corrections which have had to be made and to leave the final word upon this late Empire for full discussion in the Appendix. It will, therefore, be understood that the present article is inserted with that reservation.

Build. Nearly three-quarters of the total surface is mountainous, and the whole region, with the exception of Bohemia, belongs to the Alpine-Carpathian System. The Alpine provinces include Tyrol, Vorarlberg, Salzburg, Styria, Karinthia, the Coast Districts, Karniola, and Upper and Lower Austria, together with the Dinaric lands of Dalmatia, Croatia, and Bosnia-Herzegovina. The Carpathian lands are Moravia, Galicia, Bukowina, Silesia, and Hungary.

Bohemia, lying north of the Danube, is a diamond-shaped plateau, and is bordered by the Bohemian Forest Mountains (Bohmer Wald), the Ore Mountains (Erz Gebirge), the Sudeten Mountains (Sudeten Gebirge), and the low Moravian Heights. The Moldau, the chief tributary of the Elbe, with its tributaries, drains the region, and provides an important and convenient outlet to the north. Lying to the south-east of Bohemia is the Tableland of Moravia, bounded on the west by the

Marische Gebirge, on the north by the Sudeten Gebirge, and on the east by the Little Carpathians.

Galicia and Bukowina occupy the northern slopes and foreland of the Carpathians, and are drained by the Oder, Vistula, Dneister, and Pruth.

The Alpine Provinces contain the Dinaric Alps dividing Dalmatia from Bosnia-Herzegovina, the Julian Alps in Carniola, the Rhaetian Alps in Tyrol, the Carnic Alps bounding Tyrol on the south, the Noric Alps with Ortler Spitz (12,800 ft.), and the Tauern Alps. The Mur, Drave, and Save drain to the Danube, while the Adige (Etsch) flows south into Italy. Of important passes over the Alps, the Brenner Pass (4,500 ft.) gives access from the Inn to the Valley of the Adige, which opens to the Lombardian plain of Italy; the Arlberg Pass provides a way westwards to the Rhine; the Stelvio Pass (9,000 ft.) leads across the Rhaetian Alps to Milan, and the Semmering Pass (fully 1,000 ft. lower than the Brenner) is on the important route south-west from Vienna to the longitudinal valleys of the Eastern Alps and the Adriatic.

Austria Proper occupies the Valley of the Danube between the Inn and Leitha. Dalmatia and the coast lands are mountainous, and the former is fringed with islands. Bosnia-Herzegovina contains mountainous land, well forested, and deep valleys. The mountains of the Dinaric lands are of the karst type, or permeable limestone, and hence underground streams and lack of surface water in parts are characteristic features of these regions.

Hungary is surrounded by forest-clad mountains, including the Carpathians on the north and east, the Transylvanian Alps on the south with the Bihar Mountains projecting north from them, the Dinaric Alps on the west, and the Tatra and Hungarian Ore Mountains on the north. It consists of two broad, grassy plains separated from each other by the Bakony Forest, an outlier of the Alps; and occupying depressions on its floor are the two shallow salt lakes, Balaton or Platten See and Fertő or Neusiedler See. The upper and smaller plain is wooded and well watered, but the lower and larger plain (Alfold) is almost treeless, and its natural grass or steppe lands, called "pusztas," have been likened to the Pampas of Argentina. The Danube with its many tributaries, notably the Theiss (Tisza), Drave, and Save, drain the whole region.

Climate. The factors determining the climates of the various provinces of Austria-Hungary are the direction of the prevailing winds, the arrangement and altitude of the mountain ranges, the distances of the provinces from the sea, and their latitude. The prevailing winds are westerly, and these striking the Western Alpine Mountains (Eastern Alps of Europe) deposit a heavy rainfall (over 40 in.) on the coastal lands, and passing eastwards precipitate a decreasing amount of moisture, so that some of the eastern districts receive less than 20 in. of rainfall in the year. Extremes of temperature are characteristic of the more inland provinces, such as Bohemia, Galicia, and Bukowina. The Adriatic provinces have a "Mediterranean" climate of warm summers and mild winters, in which the rainfall chiefly occurs. The lower Hungarian Plain (Alfold), like most parts of Austria-Hungary, receives most of its rain in summer, but rapid evaporation resulting from the great summer heat causes droughts to occur. Excluding the maritime tracts, every part of the empire has at least two months in which the mean daily temperature

is below the freezing point, while the "pusztas" of Hungary have a daily average temperature in the summer of nearly 70° F. In winter the "pusztas" are storm-swept snow wastes, for the Carpathians, as a barrier, are too low to keep off the winds from the north and east. The Carpathian regions have winters raw and cold, the thermometer sometimes falling as low as 22° F.; neither wheat, maize, nor grapes ripen on the higher Carpathians. The Alpine districts suffer from the bora, a cold, stormy wind from the Alps in winter and spring, and from hot, dry, southern winds in summer.

Soil. The soils, speaking generally, are fertile. In Northern Hungary the volcanic rocks contribute to the formation of good soils, and in Lower Hungary deposits of loess, black earth, and alluvium form an exceedingly rich soil, which compares very favourably with the "black soils" of Russia and the rich loams of the Prairies in North America. The soils of the Eastern Alps are less deep and less rich.

Productions and Industries. *Agriculture.* Agriculture is of prime importance both in Austria and in Hungary; and extractive industries generally provide the main sources of wealth. Austria is more mountainous than Hungary, and hence more of the cultivated land is found in the latter country. It is possible to cultivate the land up to a height of about 4,000 ft., and two-fifths of the whole country is under crops of some kind. All the temperate cereals—wheat, barley, maize, oats, and rye—are grown, and they are the most important crops. Climatic and soil conditions in Hungary are excellent for the production of wheat and maize. Maize is the cereal of the temperate zone, which demands the highest temperature, and this long continued, and hence it is mainly raised in Hungary; as a crop it ranks second to wheat. The rich, loamy soils and the high summer temperatures of the Lower Hungarian Plain produce some of the highest grades of wheat, and Hungary is looked upon as one of the great granaries of Europe. The increased demand for wheat, caused by the decreased production of wheat in the North Sea countries, has given an impetus to the wheat industry of Hungary. Farming, however, is not yet very intensive, though attention is being given to fertilisers and seed-selection. Wheat is the most important crop of Hungary, and the foundation of its prosperity. In Austria, rye and oats are the chief cereal crops, largely because these two cereals are less demanding than wheat and maize as regards soil and climate. Potatoes and sugar-beet are grown chiefly in Austria, especially in the northern provinces. Barley is grown in both States, but does not figure very prominently. The vine is grown in the Alpine valleys opening to the south, and on the Hungarian hills west of the Danube; farther north the cultivation of the vine becomes commercially a failure, for the vine is very exacting as regards temperature. Flax, hemp, and hops are grown in Bohemia. Along the Adriatic coast terraces, Mediterranean products—oranges, lemons, pomegranates, and olives—are raised in important quantities. Fruits are also grown in South-Eastern Hungary. The increased growth of the mulberry tree in the Alpine valleys of the Tyrol, Vorarlberg, and other regions is increasing the silk industry. It should be noted in connection with agriculture in Hungary that the majority of the landed properties are under 50 acres in extent, and it would

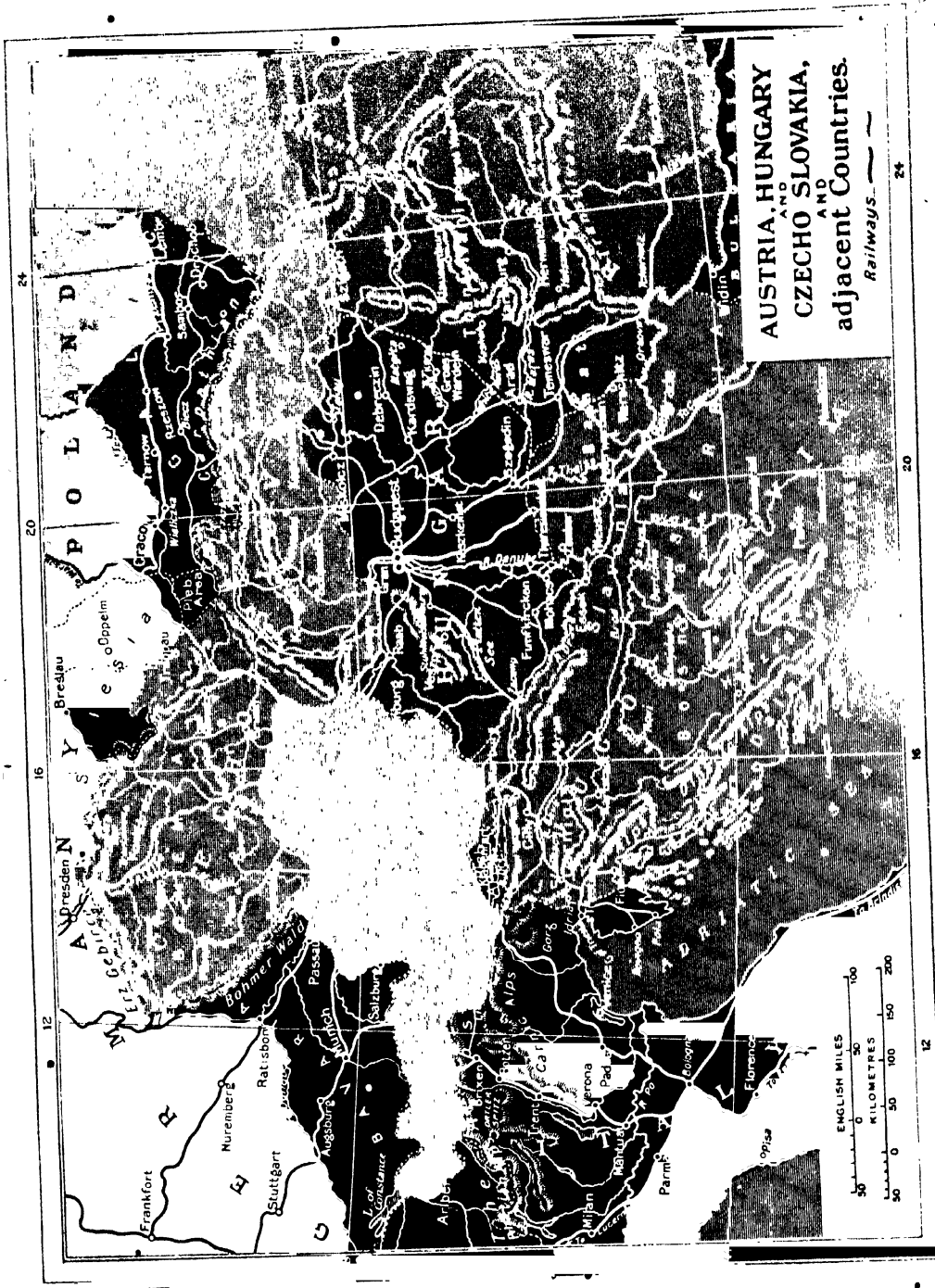
seem that more intensive, scientific farming must be adopted in the future. Minor crops of both countries are tobacco, pulse, buckwheat, and rape. Rice is grown to a very limited extent in Hungary.

The Pastoral Industry. Naturally in a region so mountainous as Austria-Hungary, and with its suitable climate, the pastoral industry ranks high. About 25 per cent. of the total area is pasture land, and Austria has the larger share. Cattle are the chief animals reared in both countries, but the greater percentage is found in Austria. Splendid horses are reared on the Hungarian steppe lands. Recent years have seen an increase in the number of pigs, and a decrease in the number of sheep. Goats are important in Austria. Pigs are reared in greater numbers in Hungary than in Austria, the beech forests of Hungary providing excellent feeding grounds. Horses, cattle, and sheep figure largely in the exports of both countries, and far exceed the number imported. In the Western Alpine land the higher pastures yield excellent grass in summer, and dairying is then carried on. The keeping of fowls and bees in Hungary provides a useful source of income to the peasants. When more attention is given to the breeding of horses, cattle, and sheep, which now seems more than probable, the reputation for quality, which is even now a high one, will become even more so.

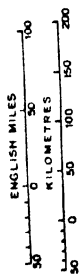
Forestry. Almost three-tenths of Austria-Hungary is forested. In Austria, which has the greater extent of woodland, pines predominate, while in Hungary the beech forests are the more numerous. Climatic conditions largely account for this difference. Oaks are common in both countries, and Bosnia-Herzegovina is specially noted for them. The forests of Hungary are mostly situated in the Carpathians, and between the rivers Drave and Save. The importance of agriculture and forestry to Hungary may be gauged from the fact that they give employment to almost 70 per cent. of the population. Timber is one of the most important exports of the two States.

The Fishing Industry. The fishing industry, carried on in the Adriatic waters, is of minor importance. It gives employment to about 12,000 men. The chief fishing ports are Zara, Spalato, Sebenico, and Cattaro on the Dalmatian coast. The industry will doubtless develop if better communication with the interior becomes established.

The Mining Industry. Mining is encouraged by the Government, and for centuries has been a considerable industry of both States. Minerals are both varied and abundant, but again the more mountainous character of Austria gives it an advantage. Coal and iron, though plentiful, are widely separated, and this is a distinct disadvantage, especially when the hindrances to transportation provided by the build of the land are considered. Coal, the most important mineral of Austria, is found chiefly in Bohemia, Silesia, Moravia, and Galicia. The chief coalfield is in Bohemia, extending from Prague to the neighbourhood of Pilsen; in Moravia the coalfield is in the north. True coal exists in very small quantities in the Alpine Provinces, but lignite or brown coal (the stage between peat and coal) abounds in the rocks in the east of the Alps, especially in the Karnach Valley of Styria. Brown coal is mined in Bohemia, Styria, Upper Austria, Carniola, and Moravia. The greatest deposits of iron ore are in Styria and Carinthia. At Eisenerz, in Northern Styria, the Erzberg (Org Mountain) is



**AUSTRIA, HUNGARY
AND
CZECHO-SLOVAKIA,
AND
adjacent Countries.**
Railways



very largely composed of an iron carbonate. Iron is also mined in Hungary in the western end of the Transylvanian Alps, and in the Hungarian Ore Mountains, and also in Bohemia, Salzburg, Galicia, and Moravia. Gold is produced in Austria-Hungary to a greater amount than in any other country of Europe, though the yield is not very great. It is obtained from the Hungarian Ore Mountains, and the valleys of Transylvania. The richest salt mines are those of Wieliczka in Western Galicia, near Cracow; but many other regions produce it in large quantities. Among these are Upper Austria in the Salzkammergut, northern Tyrol at Hall, Salzburg at Hallein; Transylvania, and the Coast Lands. Silver is largely produced in Austria, especially in Bohemia in the neighbourhood of Příbram, and smaller amounts are obtained at Schemnitz in Northern Hungary. At Idria, in Carniola, quicksilver is mined, and this is one of the few districts in Europe where this metal is known to exist. Lead ore is worked in Carinthia, Galicia, and Bohemia. Bleiberg is an important centre. Bohemia is noted for its porcelain clay and silica, which give it advantages in the manufacture of porcelain and glass. Among metals of minor importance to the country are: Copper in Hungary and Salzburg; zinc in Carinthia, Galicia, Tyrol, Vorarlberg, and Bohemia; sulphur in Styria, Bohemia, and Tyrol; manganese in Bukovina and Carniola; graphite in Bohemia; petroleum and ozokerite in Galicia; alum in Bohemia; opals in Western Hungary; and garnets in Bohemia.

The Manufacturing Industries. Hungary, long dependent on its pastoral, lumbering, mining, and agricultural industries, is now in a state of transition, and manufactures are developing at a fairly rapid rate. The National Government has made strenuous efforts during the last three decades to raise Hungary to the position of an industrial and commercial State. Austria takes the lead in manufactures, and in Bohemia, it possesses one of the most active manufacturing regions in Europe. The chief manufacturing regions are found where the coal supply is abundant, and hence Northern Bohemia, Moravia, and Silesia are the busiest regions. The textile industries—woollen, cotton, linen, and jute manufactures—are carried on mainly in these three provinces. Raw material for the manufactures, not only cotton and jute, but wool and flax, have now to be imported. The chief centres are Reichenberg in Northern Bohemia, Brunn and Iglau in Moravia, and Trojau in Silesia for woollen goods; Trautenau in Bohemia for linen goods, and Pilsen and other smaller towns of Bohemia for various textiles. Silk is manufactured in Southern Tyrol, round Trent, and in Vorarlberg, near the Swiss frontier, textile manufactures are growing. The manufactures of iron and steel are carried on in the neighbourhood of the chief iron fields. Bohemia utilises both local and other ores, and Galicia and Silesia smelt Carpathian ore. In the Alpine Provinces, the vast stores of lignite lend aid to the industry, and the chief centres are Steyr in Upper Austria, with good railway connection with Eisenerz, Gratz in the Mur Valley obtaining its lignite from the Kainach Valley, a Klagenfurt in Carinthia smelting local ores. The greatest production of iron is in Styria and Carinthia. Glass-making and pottery are important industries in Bohemia, and the geographical advantages for them are many—the decomposition of the silicate rocks yields silica, the forests produce fuel and potash, and coal is near.

Eger and other towns of the Bohemian Forest specialise in these industries. Karlsbad, on the river Eger, makes porcelain from kaolin found in the neighbourhood. Where beet is largely grown, sugar-refining is carried on; Bohemia and Moravia are the chief provinces. The beer of Vienna and Pilsen has a world-wide reputation. Paper is made at Prague on the Moldau, at Brunn, the capital of Moravia, and at Czernowitz in Bukovina. Vienna has varied manufactures, including silk, machinery, fancy wares, and ship-building for the Danube trade, and Buda-Pesth, the capital of Hungary, has an important corn-milling industry, the dry air being specially favourable for the manufacture of excellent flour. It also makes jute sacks for flour. Manufactures of minor importance are tobacco and leather at Agram, the capital of Croatia; wine at Tokay; dynamite at Pressburg; toys in the Tyrol (made during the long winter nights by the peasants), and wood-carving in Southern Austria. Factors which are necessary for the further development of manufactures in Hungary are better railway communications, and the raising of the standard of comfort of the inhabitants, thus providing important local markets.

The Waterways. The rivers of Austria and Hungary are important routes of commerce, and as the Danube and its tributaries drain the greater part of both countries, they are the principal navigable streams. The Danube, flowing from the north-west to the south-east, is navigable for steamers throughout its total course of about 850 miles within the two States, from which it issues through a narrow gorge more than 60 miles long. The shallow rapids at the lower end of this gorge are known as the Iron Gate, and to aid navigation a canal has been constructed here. The Ferencz Canal connects the Danube with its great tributary, the Theiss (Tisza), whose tortuosity has been lessened by canalisation. Steamers can proceed on the Theiss as far as Tokay. Of the other tributaries of the Danube, the Drave is navigable well into Carinthia, and the Save enables steamers to proceed to Sissek. The Elbe system gives Bohemia access to the North Sea, and is navigable as far as Prague. River traffic competes well with that of the railways; the Danube Steamboat Company's steamers on the Danube, and the Austrian North-West Steamboat Company's steamers on the Elbe, maintain successful competition with the railways. The Danube gives access by the easy Moravian Gate to the Oder and Vistula, to the Elbe across the low Moravian Heights, and to the Black Sea south-eastwards. The upper course of this river separates the Alps from the Central European Highlands, and after flowing through the magnificent gorge of the Austrian Gate, it flows across the plain of Vienna. Leaving this plain by the gorge of the Carpathian Gate, the Danube crosses the Upper or Little Hungarian Plain, and flowing through the Hungarian Gate, enters the Great Hungarian Plain, the entrance to which is commanded by Buda-Pesth. After receiving the Theiss (Tisza), the river turns south, but trends eastwards after being joined by the Save, and leaves Hungary by the last gorge on its course. In winter the navigation on the Danube becomes impossible for some weeks, owing to ice; but as a commercial highway it is of the utmost importance to Austria and Hungary, and ranks among the highest in the internal waterways of Europe.

The Land Routes. The mountainous nature of

Austria and Hungary presents many obstacles to the construction of roads and railways. A study of the railways shows how river valleys and mountain passes are utilised. Land transportation facilities are now improving rapidly, but are still inferior to those of the other great European countries. Good roads are fairly common, and one of the most interesting is that from Vienna to Milan (Italy) over the Stelvio Pass, which provides the shortest carriage route between these two towns. The great railway centres are Vienna and Buda-Pesth. Vienna possesses a magnificent situation, and is one of the keys of Europe. It is the meeting place of many roads and railways, and controls largely the Upper Danube traffic. Lines converge on Vienna from the Rhine and Southern Germany through the Austrian Gate; from Northern Germany through Prague; from Berlin, Breslau, and Petrograd through the Moravian Gate; from Trieste by the Semmering Pass; and from Constantinople through the Maritza and Moravia Valleys, and Buda-Pesth. The geographical advantages of Buda-Pesth are little inferior to those of Vienna. It controls the navigation of the Danube up and down stream, and on it railway lines converge from the west, the north, and the south. The country needs more railway communication between Trieste and the manufacturing towns of Bohemia, better facilities between Fiume and Buda-Pesth, and a far greater network in North and East Hungary. The main railway lines are branches from the great trunk line between Western Europe and Constantinople. The Orient Express Route from Paris passes through Vienna and Buda-Pesth to Constantinople; and the Ostend Express Route passes through the same two cities on its way to the Iron Gates and the Black Sea. From Southern Germany the Brenner Route leads by Innsbruck, the Brenner Pass, Bozen, and Trent to Italy. The railway leading south-west from Vienna by the Semmering Pass to Bruck diverges at this junction in three directions: (1) To the west through the valleys of the Enns, Salzach, and Inn, and through the Arlberg tunnel (6½ miles) to Zürich (Switzerland); (2) to the south-east by the Mur Valley and tunnels through the ridges of the Alps to Trieste; and (3) to the south by the Mur and Sava valleys, past Gratz and Laibach, and over the Karst to Trieste and the Hungarian port of Fiume. The Elbe gap is utilised by the railway from Berlin, passing through Prague to Vienna. Lines from Berlin and Breslau in Germany, and from Warsaw (Poland) and Petrograd (Russia), unite at Cracow, and continue to Lemberg, the main line proceeding from this junction round the base of the Carpathians to Bukharest, where it connects with the Vienna Buda-Pesth line. From Lemberg branch lines give communication with Southern Russia. From Buda-Pesth one route runs through Klausenburg, the capital of Transylvania, to Kronstadt and across the Transylvanian Alps into Roumania, a second crosses the Carpathians into Russia, a third connects with Fiume, and a fourth runs to the Dalmatian port of Ragusa. The railway from Berlin by the Elbe gorge to Vienna climbs considerable heights between Prague and Vienna, so that the longer route by Breslau and the Moravia Valley can successfully compete with it as regards freight rates. The Carpathians are less crossed by rail than the Alps, and this is largely due to the similarity of the products raised on each side of them. Most of the railways are either owned or

controlled by the Government, and the zone system of tariffs is in force. (See RAILWAYS.)

Commerce. Over 60 per cent. of the commerce of Austria-Hungary is carried by rail, river, and canal into the neighbouring countries. The remainder passes through the ports of Trieste and Fiume, and down the Danube to the Black Sea ports. Most trade is carried on with Germany, and an important amount is with Italy, Russia, France, Switzerland, Rumania, Serbia, and the United Kingdom. The chief exports are timber, beet-sugar, grain, flour, eggs, cattle, horses, swine, glass, raw materials for manufacture (wool and metals), manufactured and partly manufactured goods (porcelain, pottery, hardware, cotton goods, silks, velvets, and linen), dried fruits, and wine. The chief imports are raw materials for the textile manufactures, coffee, coal, textiles, hardware, clothing, and agricultural implements.

Trade Centres. Vienna has a population of over two millions, Buda-Pesth has about 800,000, and seven other towns have populations exceeding 100,000.

Austrian Towns. Vienna (over two millions), the capital of the Empire, is situated where the Danube makes its exit from the narrow valley between the Alps and the northern tableland. It is a natural route centre, and a most important industrial and commercial centre. Its manufactures include silks, fancy wares, machinery, shawls, glass, leather, and buttons. It is famous for its educational facilities, its art treasures, its fine promenades, and its beautiful streets and buildings.

Prague (over 300,000), the capital of populous Bohemia, stands at the head of the navigation of the Moldau, and is a natural political and commercial centre. Its manufactures include hardware, textiles, and glass. It is an ancient university town, and its name is familiar in the history of European warfare.

Lemberg (180,000) lies in the east of Galicia, and is its chief town. It has manufactures of machinery and earthenware, and is a very important railway junction. A large trade is done in wool, grain, and cattle.

Gratz (150,000), the capital of Styria, is on the Semmering route, and is the centre of a rich mining region. It is noted for its iron manufactures and railway carriages.

Trieste (180,000), at the head of the Gulf of Trieste, is the chief city of Istria, and the leading port of Austria. It is an important railway terminus, and the seat of the Austrian Lloyd Company. It trades chiefly with Venice, Turkey, the Levant, and the Far East. Its main exports are timber, grain, and flour. Its shipbuilding industry is growing in importance. Trieste needs better railway communication with Hungary (Of course, as is well known, Trieste is now Italian territory.)

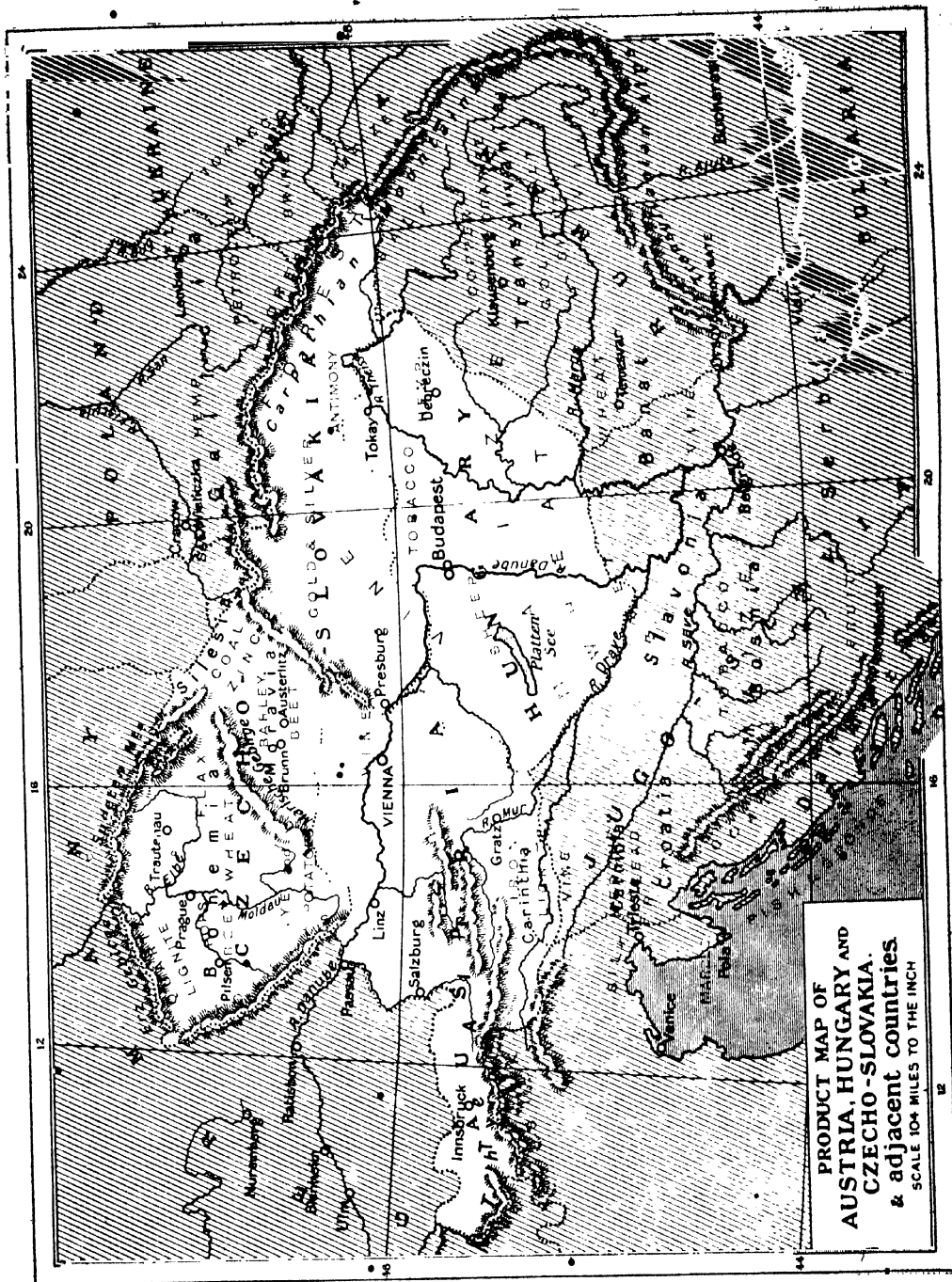
Brunn (120,000), the capital of Moravia, is noted for its woollen manufactures.

Cracow (over 100,000), on the Vistula, in Galicia, is an important route centre, and railway junction. It was the old capital of Poland. Important salt-mining regions are near.

Pilsen, in Bohemia, is noted for its textiles, iron goods, and beer.

Czernowitz is the most important town of Bukovina, and has important paper manufactures.

Linz, the capital of Upper Austria, is situated where the Danube leaves its gorge. It is an important railway junction; the lines from Bavaria,



its articles and in the Consolidation Act (Sec. 41). In that case, the authorised capital is, therefore, increased. On the other hand, a reduction of capital (see Secs. 40, 41, and 46, Consolidation Act) will have the effect of reducing the authorised capital. In either case, the memorandum is altered accordingly, so that it follows that the amount of capital stated in the memorandum is always the amount of authorised capital of the company.

AVA.—Also called Arva, Yava and Kava. This is a shrubby plant of the order *Peperaceae*, a native of the South Sea Islands. An intoxicating drink is prepared from it by maceration in water, producing a result similar to that caused by opium. It is sometimes applied, like cocaine, as a local anaesthetic.

AVAL.—This is a French word, and signifies an indorsement upon a bill of exchange or a promissory note made by a person who signs as a surety. By the Bill of Exchange Act, 1882, it is provided that where a person signs a bill otherwise than as a drawer or an acceptor, he thereby incurs the liabilities of an indorser to a holder in due course (*q v.*).

AVENTURINE.—A vitreous variety of quartz, studded with gold spots. It is sometimes used for jewellery, but is not so valuable as the finer kinds of amethyst. The chief supply comes from the Urals, but the mineral is found in various parts of Europe and Asia.

AVERAGE.—When a number of quantities are added together, and then divided by the number of quantities, the resulting quotient is called the "average," or sometimes the "mean." Thus, if five vessels contain respectively 7, 10, 6, 4, and 8 quarts of any liquid, these figures added together make 35, which, divided by 5, the number of the vessels, gives 7 as the average, *i.e.*, if each vessel contained 7 quarts, the total quantity would be 35. The word thus used in an arithmetical sense is quite modern, and has altogether obscured the meaning which it originally had in connection with marine insurance, as to which, see **AVERAGE GENERAL**.

AVERAGE ADJUSTER.—(See **AVERAGE STATER**.)

AVERAGE BOND.—This is the bond which is taken out by the captain of a vessel which has incurred a general average (*q v.*) loss, and signed by the consignees of the cargo before any delivery is made to them, thereby binding them to pay their proportion of average as soon as it has been ascertained. (See **AVERAGE, GENERAL**.)

AVERAGE CLAUSE.—The clause in a policy of marine insurance, providing that certain articles shall be free from all average, other than general, and that others shall be altogether free from average if under a certain percentage named. (See **AVERAGE, GENERAL**.)

AVERAGE CLAUSE IN INSURANCE.—It is always useless to insure for any prospective loss for an amount in excess of the value of the property insured, where the insurance is one of indemnity, and in the same way it is impolitic for the insured to insure for a part only of his property, especially if there is an "average" clause contained in the policy. Just as in average generally there is a certain proportion in which a loss at sea must be divided, so it is only just that a person who insures against such misfortunes as burglary or fire, but who refrains from paying the premiums which would be necessary if the whole of his property was insured, should under the circumstances be compelled to bear a portion of the loss himself.

A common form in a fire insurance policy is as follows—

It is hereby agreed and declared that whenever a sum insured is declared to be subject to average, if the property covered thereby shall at the breaking out of any fire be collectively of greater value than such sum insured, then the assured shall be considered as being his own insurer for the difference, and shall bear a rateable share of the loss incurred.

The effect of such a clause is that the insurer cannot be called upon to pay for more than a portion of the damage done, calculated upon the basis of the ratio which the amount insured bears towards the whole of the property upon the premises. Thus, if a person has furniture and goods of the value of £2,000 and effects an insurance for £1,500 only, in case of damage arising from circumstances covered by the policy, he cannot recover more than three-fourths of the amount of the damage, since he has only insured to the extent of three-fourths of the value of his goods. He must bear the loss of one-fourth himself.

AVERAGE DUE DATE.—When a number of bills drawn for different amounts fall due at various times, it is sometimes convenient to be able to determine on what date one single payment may be made, in order to settle the whole of the outstanding bills, which payment shall be equally fair to both the debtor and the creditor. This date is known as the "average due date," or sometimes the "equated time." The period between the initial date and the equated time is known as the "equated period," and the problem involved in calculating the date is called the "equation of payments." Of course, this calculation only comes in when the payer and the payee are the same persons in the case of each of the bills.

Thus, if a merchant accepts three bills upon one and the same day—one for £300 payable in three months, another for £400 payable in four months, and a third for £500 payable in five months—the problem is to find at what time he may pay the whole £1,200 in one sum, so that the transaction may be equally fair to him and to his creditor.

The periods of the bills allow him the use of

- (a) £300 for three months, which is equivalent to £900 for one month;
- (b) £400 for four months, which is equivalent to £1,600 for one month;
- (c) £500 for five months, which is equivalent to £2,500 for one month.

Altogether, therefore, the merchant is entitled to the use of £5,000 for one month, or £1,200 for $\frac{1}{5}$ months, *i.e.*, for $4\frac{1}{5}$ months. The average due date is, then, $4\frac{1}{5}$ months after the date of the bills.

The same principle applies if the bills are drawn upon different dates, or where there is a running account between parties, and different periods of credit are allowed. The question then to be determined is the date upon which the balance, if any, should be paid upon the closing of the account. This process is known as "averaging accounts." The calculation obviously becomes more intricate when there are accounts more complicated than the example given in the last paragraph; and for a full discussion of this subject, together with the practical rules to be applied, reference must be made to some standard work on "Commercial Arithmetic."

AVERAGE, GENERAL.—By this phrase is

meant a loss of a part of the property, which is averaged upon the whole. "In a marine sense, average and contribution are synonymous terms." "Average is a term used in commerce to signify a contribution made by ship, freight, and goods on board a ship, in proportion to their respective interests, towards any particular loss or expense sustained for the general safety of the ship and cargo, in order that the particular sufferer may not in the end be a greater loser than the rest of the persons interested in the ship and goods on board. Average, then, understood in this sense, is called general or gross average, because it falls upon the whole or gross amount of the ship, freight, and cargo, and also to distinguish it from what is often, though improperly, termed particular average, but which in truth means a particular or partial loss and not a general loss, and has no affinity to average, properly so-called" (Marshall, 424). As a part of the law of shipping, this is one of the most ancient rules now in force in civilised countries. "It is provided by the law of Rhodes that if a part of the cargo is thrown over for the purpose of lightening the ship, that which is given for the benefit of all shall be compensated for by the contribution of all." This law was in force in the commerce of the Mediterranean and Adriatic Seas more than a thousand years before the Christian era. The right to claim average contributions is a purely maritime right, and nothing like it is sanctioned by authority in relation to land contracts, or to circumstances occurring on the land. The loss must be incurred in a time of danger to the venture when the ship is in imminent peril, and it becomes necessary to sacrifice something for the common safety. The most common examples of the kind of loss which is made up by general average contribution are jettison of cargo to lighten the ship, damage to cargo by water used to extinguish fire, damage done to the ship in case of necessity—e.g., cutting away the masts to right the ship,—expenses incurred at a port of refuge, and, in some cases, salvage expenses. The extent of the sacrifice is limited only by the necessities of the case. "Nothing can be better settled than that the master has a right to exercise this power, in case of imminent danger. He may select what articles he pleases; he may determine what quantity; no proportion is limited; a fourth, a moiety, three-fourths, nay, in cases of extreme necessity, when the lives of the crew cannot otherwise be saved, it never can be maintained that he might not throw the whole cargo overboard. The only obligation will be, that the ship should contribute its average proportion. It is said this power of throwing over the whole cannot be but in cases of extreme danger, which sweeps all ordinary rules before it, and so it is. So likewise with respect to any proportion, he can be justified only by that necessity; nothing short of that will do; the mere convenience of better sailing, or more commodious stowage, will not justify him to throw overboard the smallest part" (per Lord Stowell, *The Grati-tudine*, 1801, 3 C Rob 258). The loss sustained by the interests damaged may be either an actual sacrifice of property on board the ship, in which case it is termed a *general average sacrifice*, or it may take the form of general average expenditure, as when a monetary liability is incurred or money is spent to save the venture from imminent peril. All the interests contribute to make good the loss in proportion to their value, and the amount which such interest pays is termed *general average contribution*.

General Average Adjustment. The leading principle of general average contribution, to whatever kind of loss it may be applied, is this: That all the parties interested in the adventures, whose property it was intended to preserve by the general average act, should be sufferers by the loss in exact proportion to the extent of their respective interests, but no farther; and this objection can only be attained when the party whose property has been sacrificed, whose money has been disbursed, or whose credit has been pledged, is placed by the adjustment exactly in the position he would have stood in had the sacrifice been made, the expense incurred, or the credit pledged, not by himself, but by some other of his co-adventurers. Although the principle of general average contribution is clear, difficulties have arisen as regards its application which have led to a difference of opinion amongst those who have studied the subject. The question is whether, after a general average loss, the adjustment ought to be regulated by the state of facts existing at the time when the loss takes place, or by the state of facts existing at the termination of the adventure, or, thirdly, by the state of facts existing at the one time or at the other time, according as the loss consists of a general average expenditure or a general average sacrifice. The determining of the proper time and place for an adjustment is important for two reasons. In the first place, upon this depends the law which must regulate the adjustment, an important question, seeing that the laws of different countries, with respect to general average, differ materially. Secondly, upon this likewise depends, or may depend, the state of facts which is to be taken as the basis of the adjustment. The place of general average adjustment is generally the place where the voyage actually ends, whether that is the contemplated destination or not, and the law and custom of the country to which the port of destination belongs decide the method of adjustment. "The adjustment must be made at the port of destination, if it be reached; but if the voyage is interrupted by some intervening cause, which necessitates or justifies its termination at some intermediate place, that place is the proper place of adjustment" (per Cockburn, C.J., in *Mauvo v. Ocean Marine Insurance Co.*, 1875, 10 C.P. 414). When that port is a foreign one, the adjustment is called a foreign adjustment. By the York-Antwerp Rules (*qv*) the adjustment is governed by the law and practice which would have governed it apart from the rules (Rule 18). If the voyage is broken up by sea perils, and the cargo is discharged at an intermediate port, or even the port of departure, the adjustment is made there on the values of the different interests at that time; but if the voyage is terminated not by necessity at a port other than the port of destination, an adjustment made there is not binding unless all the parties expressly assent to it. Generally speaking, the practice of adjusters hitherto has been to regard solely the state of facts existing when the adventure is determined. The result of this practice is that where, after a general average sacrifice or expenditure, a part of the property remaining at risk has been lost or damaged by a peril of the sea or otherwise, the owner of such part has in respect thereof either escaped contribution altogether, or has only been deemed liable to contribute on its reduced damaged value; but this practice has not been uniformly adopted. Some adjusters, while agreeing that the state of

facts existing at the termination of the adventure is to be regarded where the loss consists of a sacrifice of an actual part of ship or cargo, hold that where the loss consists of an expenditure incurred, the time to be regarded is the time when the outlay was made.

General Average Losses. There are two kinds of general average loss—*sacrifice* and *expenditure*. The former is any actual damage suffered by one interest for the common safety, the latter is any actual outlay incurred for the same object; and the important distinction between the two is that the former is only contributed for if the rest of the adventure arrives in safety, while the latter is independent of the event of the voyage. With respect to general average loss, Section 669 of the Marine Insurance Act, 1906 (6 Edw. VII, c. 41) thus provides: "(1) A general average loss is a loss caused by or directly consequential on a general average act. It includes a general average expenditure as well as a general average sacrifice. (2) There is a general average act where an extraordinary sacrifice or expenditure is voluntarily and reasonably made or incurred in time of peril for the purpose of preserving the property imperilled in the common adventure. (3) Where there is a general average loss, the party on whom it falls is entitled, subject to the conditions imposed by maritime law, to a rateable contribution from the other parties interested, and such contribution is called a general average contribution. (4) Subject to any express provision in the policy, where the assured has incurred a general average expenditure, he may recover from the insurer in respect of the proportion of the loss which falls on him; and, in the case of a general average sacrifice, he may recover from the insurer in respect of the whole loss without having enforced his right of contribution from the other parties liable to contribute. (5) Subject to any express provision in the policy, where the assured has paid, or is liable to pay, a general average contribution in respect of the subject insured, he may recover therefor from the insurer. (6) In the absence of express stipulation, the insurer is not liable for any general average loss or contribution where the loss was not incurred for the purpose of avoiding, or in connection with the avoidance of, a peril insured against.

In order, therefore, that a loss may be classed as a general average loss, it must satisfy two requirements: (1) The sacrifice or expenditure must be voluntary and reasonable; (2) there must be imminent danger to the whole venture. Mere strain of resources used in the ordinary way is not a sacrifice, even if the strain is unusual. Therefore, an extraordinary strain upon ship and tackle used in their normal way for the purposes for which they were intended will not afford ground for a claim for general average loss. On the same principle an extra sum offered to the crew as an inducement to greater exertion is not claimable as general average. The owner is not entitled to general average contribution, because the adventure is benefited by the throwing overboard of mere lumber or wreck, or the remains of something which has already been destroyed, or which will inevitably perish. Not only must the danger be imminent, but it must be a danger to the whole venture, not merely to a part. If the ship or any part of her equipment is destroyed, damaged, or lost for the general safety, or is applied to some use different from its ordinary use, the loss thence

arising is general average, *e.g.*, cables cut or anchors slipped to avoid being driven on shore in a gale, or sails let go, or masts cut to right a vessel on her beam-ends; a ship scuttled, in order to put out a fire on board, whether the fire is due to spontaneous combustion of cargo or not, but no compensation is made for damage done to ship or cargo which has been on fire (York-Antwerp Rules 3). But it is not a general average loss if a sacrifice is made in order to avert a peril contemplated by the voyage, and thus within the scope of the shipowner's duties, *e.g.*, if in war time the ship fights an enemy's ship, no contribution is made for the expense of curing the wounded, or repairing the damage done by the enemy's fire, or replacing the ammunition expended in the defence of the adventure. Where a ship, in consequence of a collision, was obliged to cut away part of her rigging and was forced to return to port to execute repairs, without which she could neither prosecute her voyage nor remain at sea, and without which the adventure would be lost, it was held that the expense of repairing to enable the vessel to continue her voyage, and of the unloading of the cargo for the purpose of effecting the repairs, were general average expenses. The following are also general average losses: The sacrifice of a cable cut to save ship and cargo; wages paid to members of the crew for pumping; money paid to pilots for salvage services when the ship was in peril, as distinguished from ordinary pilotage; where the ship or any part of it is put to some extraordinary or more hazardous use, *e.g.*, extraordinary consumption of coal by the ship's engines being worked ahead and astern for a considerable time in order to get her off a mud-bank, but if a ship started on the voyage without a reasonably sufficient supply, the shipowner cannot recover in general for the value of the substitutes he has employed.

Sacrifice of goods generally takes the form of jettison. Any jettison of goods for the safety of the whole adventure is a general average loss, except perhaps in the case of deck goods. If goods are injured for the common benefit, as by water used if the ship is on fire to extinguish it, or if a hole is cut in the deck to get at the burning ship, and before it can be secured the waves break in and damage the cargo, such an injury would be adjusted as an average loss. No claim for general average arises in respect of goods sold to repair the ship at an intermediate port, as the liability for these goods is on the shipowner alone. An important exception to the rule of contribution after jettison is in the case of the jettison of goods carried on deck. This is on the ground that they are hindrances to the safe navigation of the vessel, and "their jettison is, therefore, regarded, in a question with the other shippers of cargo, as a justifiable riddance of incumbrances which ought never to have been there, and not as a sacrifice for the common safety. The exception, however, does not apply in cases where, according to the common usage and course of trade on the voyage for which they are shipped, such cargoes are permitted, nor does it apply where the parties from whom contribution is sought have agreed impliedly or otherwise to contribute in the ordinary way. But according to York-Antwerp Rules, 1890, the exception appears to apply to all cases: "No jettison of deck cargo shall be made good as general average. Every structure not built in with the frame of the vessel shall be considered to be a part of the deck of the

vessel" (Rule 1). The Rule of the Association of Average Adjusters is that the jettison of a deck-load carried according to the usage of trade and not in violation of the contracts of affreightment is general average. There is an exception to this rule in the case of cargoes of cotton, tallow, acids, and some other goods (Rule 9 of the Rules of Practice). The object of these Rules of the Association of Average Adjusters is to give effect to, or supplement, the decisions of the Courts on matters of practice relating to the adjustment of losses, and they are from time to time amended, or new rules are added, as the occasion arises. The received opinion, therefore, now is that by the law of this country the jettison of deck cargo gives no claim to general average contribution, unless such mode of carriage is justified and sustained by a usage of the trade. The rule that there is no contribution for the jettison of deck cargo does not, however, apply when there are only two parties concerned in the adventure, the shipowner and the cargo-owner, who have agreed to the carriage of the goods on deck. If goods are exposed in boats or barges to save a ship from foundering, to float her after stranding, to enable her to enter a port of distress, or the like, and they are lost in consequence, it is in effect a jettison, and the loss must be borne in general average. If, on the other hand, these goods are saved, but the ship and the rest of the cargo are lost, they do not contribute to the loss, for the ship was not intentionally sacrificed for their safety. If goods are washed overboard after being brought up on deck in order to get at others for the purpose of being thrown overboard, it is also in the nature of a jettison, and to be treated as a general average loss.

When the sacrifice of goods causes the loss of freight which would have been earned by carrying them, the freight as well as the goods must be contributed for, and even when there is no contribution for goods jettisoned on the ground that this jettison was due to their owner's negligence or wrong-doing in putting them on board in a state unfit for shipment, the innocent shipowner would no doubt be entitled to compensation for the loss of his freight. Where, however, there had been no sacrifice of cargo for the general safety, but it was sold by the master at a port of refuge, because it was heated and could not be carried to its destination, it was held that the consequent loss of freight was not a general average loss. Charter party freight, as distinct from bill of lading freight, has been held not to be a subject of contribution. In adjusting an average loss on freight, the value taken when the freight is entitled to contribution is the gross freight at the port of contribution. If the freight is called on to contribute, only the net freight on the saved and carried contributes.

Expenditures. The distinction between these and sacrifices is that these give an immediate vested claim to compensation, while sacrifices are only made good subject to the ultimate safety of the adventure. The chief characteristics necessary to make them general average are that they must be made for the common safety, and must be extraordinary in their nature. It is a universal rule in reference to the question what expenses come under general average, that where these expenses are incurred for the exclusive benefit of any part of the common property, that alone is liable for them. If the ship is so deeply injured by a particular average loss as to be obliged for the common safety to deviate in the course of the

voyage in order to repair at an intermediate port, the expense of entering the port and the expenses incurred in pilotage, towage when disabled, dues, and indispensable extra services attendant thereon, are allowed as general average. (*Svendson v. Wallace*, 1883, 10 A.C. 404.) And if the cargo is necessarily unloaded for the sake of both ship and cargo, the expense of that is included; but not if the unloading was merely for the sake of preserving the cargo. The expense of warehousing the cargo falls on the cargo, and that of re-loading the cargo and leaving the port on the freight. Assistance afforded to a vessel in distress is an obvious subject for general contribution, whether it is required for taking her into a port of refuge during a storm, or to effect repairs when disabled, or for getting her off the ground when stranded. The ordinary crew of a ship are not to be paid an additional sum for their extraordinary exertions, because it is their bounden duty to make the utmost efforts for the preservation of the ship and the prosecution of the voyage. Wages and provisions for the crew during repairs are neither general nor particular average expenses.

Average clauses. When the policy contains the clause "General average payable as per foreign statement, if so made up," a foreign average statement, made in accordance with the laws of the foreign port, will be conclusive as an adjustment of general average, although certain items may have been treated as general average by the foreign adjuster which would not be so treated under English law. Even in cases where there is no foreign adjustment clause, a foreign adjustment, if properly made, binds an English underwriter, even though the contribution is thereby assessed in different proportions than it would have been assessed by English law, and even though matters are thereby included or excluded as general average which English law would have treated differently. But under such circumstances the underwriters have one defence open to them, viz., they may show that the loss which is declared by such adjustment to be general average did not arise from any of the perils covered by the policy. The insertion of the foreign adjustment clause deprives the underwriters of this defence. Where the foreign statement is made binding, the underwriter is rendered liable not only to reimburse the assured in respect of contributions levied upon his interest in favour of other interests, but also to make good to him his own contribution to a loss sustained by his own particular interest, which is particular average by English law, but general average under the adjustment. The object of the following clauses—(a) to pay average on each package separately or on the whole; (b) to pay average on each valuation separately or on the whole—is to regulate the calculation of percentages in the memorandum. If the whole damage exceeds the named percentage, then the calculation may be made on the whole if the assured desires it, or, at his option, it may be made on each package or on each class of goods separately valued. But if the whole damage amounts to less than the named percentage, the loss is to be calculated on each package or on each class of goods separately valued; and if on each package, where clause (a) has been made use of, or on each class of goods separately valued, where clause (b) has been made use of, the amount of damage exceeds the percentage named in the memorandum, then the assured may recover it from the underwriters.

AVERAGE, PARTICULAR.—"A particular average loss is a partial loss of subject-matter insured, caused by a peril insured against, and which is not a general average loss. Expenses incurred by or on behalf of the assured for the safety or preservation of the subject-matter insured other than general average and salvage charges, are called particular charges. Particular charges are not included in particular average" (Marine Insurance Act, 1906, Sec. 64.) Particular average is thus distinguished from general average, for while in particular average the loss remains where it falls, in general average the loss is borne proportionately by all the interests concerned. In particular average, the owner, if insured, has a claim against his underwriter in proportion (1) to the degree by which the damage sustained may have diminished the value to him of the property insured, and (2) to the sum which the underwriter by the policy has agreed to insure on such property. Whatever percentage this deterioration may amount to on the value which the property would otherwise have sold for, that same percentage the underwriter is bound to pay to the assured, upon the sum for which by the policy he has agreed to stand insurer. The rules on which depends the measure of indemnity for a particular average loss, i.e., the total amount which the assured, if fully insured, can recover are thus summarised in Section 71 of the Marine Insurance Act, 1906—

"Where there is a partial loss of goods, merchandise, or other movables, the measure of indemnity, subject to any express provision in the policy, is as follows—

"(1) Where part of the goods, merchandise, or other movables insured by a valued policy is totally lost, the measure of indemnity is such proportion of the sum fixed by the policy as the insurable value of the part lost bears to the insurable value of the whole, ascertained as in the case of an unvalued policy.

"(2) Where part of the goods, merchandise, or other movables insured by an unvalued policy is totally lost, the measure of indemnity is the insurable value of the part lost, ascertained as in the case of total loss.

"(3) Where the whole or any part of the goods or merchandise insured has been delivered damaged at its destination, the measure of indemnity is such proportion of the sum fixed by the policy in the case of a valued policy, or of the insurable value in the case of an unvalued policy, as the difference between the gross sound and damaged values at the place of arrival bears to the gross sound value.

"(4) 'Gross value' means the wholesale prices, or, if there be no such prices, the estimated value, with, in either case, freight, landing charges, and duty paid beforehand; provided that, in the case of goods or merchandise customarily sold in bond, the bonded price is deemed to be the gross value. 'Gross proceeds' means the actual price obtained at a sale when all charges on sale are paid by the sellers."

The rules relating to the adjustment of particular average losses on ships are thus stated in Section 69 of the Marine Insurance Act, 1906—

"Where a ship is damaged, but is not totally lost, the measure of indemnity, subject to any express provision in the policy, is as follows—

"(1) Where the ship has been repaired, the

assured is entitled to the reasonable cost of the repairs, less the customary deductions, but not exceeding the sum insured in respect of any one casualty.

"(2) Where the ship has been only partially repaired, the assured is entitled to the reasonable cost of such repairs, computed as above, and also to be indemnified for the reasonable depreciation, if any, arising from the unrepaired damage, provided that the aggregate amount shall not exceed the cost of repairing the whole damage, computed as above.

"(3) Where the ship has not been repaired, and has not been sold in her damaged state during the risk, the assured is entitled to be indemnified for the reasonable depreciation arising from the unrepaired damage, but not exceeding the reasonable cost of repairing such damage, computed as above."

As to successive losses, happening during the currency of the same policy, it is provided by Section 77 of the Marine Insurance Act, 1906, as follows—

"(1) Unless the policy otherwise provides, and subject to the provisions of this Act, the insurer is liable for successive losses, even though the total amount of such losses may exceed the sum insured.

"(2) Where, under the same policy, a partial loss, which has not been repaired or otherwise made good, is followed by a total loss, the assured can only recover in respect of the total loss, provided that nothing in this Section shall affect the liability of the insurer under the suing and labouring clause."

The rule as to the amount recoverable for a partial loss of freight is thus stated in Section 70 of the Act of 1906—

"Subject to any express provision in the policy, where there is a partial loss of freight, the measure of indemnity is such proportion of the sum fixed by the policy in the case of a valued policy, or of the insurable value in the case of an unvalued policy, as the proportion of freight lost by the assured bears to the whole freight at the risk of the assured under the policy."

The rules for adjusting a partial loss on freight are very simple, viz., that where the sum insured is less than the value of the interest at risk, the underwriter pays the same proportional part of the loss, that the sum insured is of the value of the freight; if the sum insured equals the value of the interest, then he pays the whole of the loss.

AVERAGE ADJUSTER.—Also called "Average Adjuster." This is a person who is skilled in all matters connected with marine insurance, and who is employed, when the insured are claiming indemnity for a loss, to prepare statements of the averages previous to their being adjusted by the underwriters.

AVERAGING.—This is the name given to a system of operation on the Stock Exchange, by which a speculator increases his transactions at a higher or a lower figure when the price is moving against him, so that the average price of the whole will be higher or lower than his original purchase or sale. Thus, a "bull" would average by buying a further quantity of stock as the price fell away, and a "bear" by selling a further quantity of stock as the price rose against him.

AVERAGING ACCOUNTS.—(See **AVERAGE DUE DATE**.)

AVIATION.—(See **COMMERCIAL AVIATION**.)

AVOCADO PEAR.—The fruit of the *Persea gratissima*, a West Indian tree. It is also known as the alligator pear, and is a favourite article of local consumption. Some of the pears weigh as much as 2 lbs. A black marking dye is obtained from its seeds, and the pulp yields an excellent illuminating oil.

AVOIRDUPOIS.—This is the name given to the system of weights used, both in England and in America, in general commerce. The ounce avoirdupois contains 437.5 grains. The weight of a grain is calculated as follows, under the Act 5 Geo. IV, c. 74—

"A cubic inch of distilled water weighed in air, by brass weights, at the temperature of 62° of Fahrenheit's thermometer, the barometer being at 30 inches, is equal to 252 grains and four hundred and fifty-eight thousandth parts of a grain."

The pound avoirdupois contains 7,000 such grains.

AWARD.—The finding or decision of an arbitrator or arbitrators, or their umpire, on matters in dispute between parties, before or after litigation. (See **ARBITRATION**.)

There is no special form required by law in which an award should be made, nor need the award be in writing; but a written award is necessary where there has been a written submission, unless a contrary intention is expressed in the submission.

The award must embody the decision of the arbitrator or umpire himself, though its form may be settled by another person, *e.g.*, the solicitor of the arbitrator. If there are more arbitrators than one, the award must be signed by each one, and this must be done at the same time and in each other's presence.

The time for making the award is within three months of the date of the submission to arbitration, unless the time is extended by notice given to the parties. It is not in accordance with general practice for the award to be delivered except upon payment of the costs of the arbitrator or umpire. The amount of the costs may be fixed by the arbitrator himself if the submission does not otherwise

provide, and the court will not interfere with the amount unless it is clearly excessive.

In the absence of any misconduct on the part of the arbitrator or umpire, or of an excess of authority (which invalidates the whole arbitration), the award is a final and conclusive judgment upon all the matters referred by the submission as between the parties, and the court will not interfere with it either by altering or by amending it.

Every award must bear a 10s. stamp. This duty was fixed by the Revenue Act, 1906, in place of the stamp of different values, which varied according to the amount of the award.

The following is a short form of award—

To all to whom these presents shall come, I, A B, of etc., send greeting Whereas by an agreement in writing bearing the date of etc., and made between C D, of etc., of the one part and E F, of etc., of the other part, the said parties agreed to refer all matters in difference between them to me (here set out in detail all the matters in dispute) Now know ye that I, the said A B, having taken upon myself the burthen of the said arbitration, and having heard and duly considered all the allegations and evidence of the said respective parties of and concerning the said matters in difference and so referred as aforesaid, do make and publish this my award in writing of and concerning the said matters so referred to me, and do hereby award that (here state in full the whole decision of the arbitrator, including the provision as to the payment of the costs of the proceedings and the award)

In witness whereof I have hereunto set my hand this day of, 19 ..

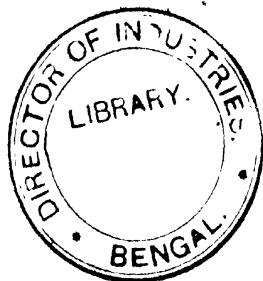
A B.

Witness, X Y, of etc

In cases of difficulty, or when the questions involved are of a complex character, an arbitrator will generally take care to have his award settled by counsel.

AZUMBRE.—(See **FOREIGN WEIGHTS AND MEASURES**—SPAIN.)

AZURITE.—Blue carbonate of copper, or blue malachite—a valuable copper ore. It is found in various parts of England, and occurs in beautiful crystals in the south of France. The name is also given to a compound of phosphate of alumina and magnesia, otherwise known as lazulite.



B]

B.—This letter occurs in various abbreviations. The following are the principal—

B.B.,	Branch Bill.
B/C,	Bills for Collection.
B.D.,	Bill Discounted.
B/E,	Bill of Exchange.
B.L.,	Bill Lodged.
B/L,	Bill of Lading.
Bs/L,	Bills of Lading.
B.N.,	Bank Note.
B.O.,	Branch Office.
B/P,	Bills Payable.
B P B.	Bank Post Bill.
B/R,	Bills Receivable.
B/S,	Bill of Sale.

BABOOL.—The Indian name for the *Acacia arabica*, which produces a gum often used instead of gum arabic, on account of the resemblance existing between the two. The bark and the pods are also articles of commerce, being of use in the tanning industry.

BACK BOND.—This is a bond which is given by a person who is the absolute owner of a property, so as to reduce his right to that of a trust, his original right being stipulated to be given back upon payment of the money borrowed on the bond.

BACKED NOTE.—This is a receiving note bearing the indorsement of a ship broker. It is an authority for goods to be brought in barges alongside a ship, and for the officer in charge of the ship to take them on board.

BACKING A BILL.—The parties to a bill of exchange in the ordinary course are the drawer, the acceptor, and the first indorser, the last two having been the drawee and the payee respectively before the bill was accepted and indorsed. In the course of negotiation the indorser may make the bill payable to the order of another person, and this person must indorse the bill. But without any indorsement to his order, any person may write his name upon the bill, and if he does so and the bill is not an accommodation bill (*q v*), if value has been given for it at any time, the indorser is liable upon the bill if any of the other parties to it fails to meet it. This kind of indorsement is generally known as backing a bill.

BACKING A CHEQUE.—Before a banker will advance cash to a stranger upon a cheque which is drawn upon some bank other than his own, the general practice is for the banker to get the cheque indorsed by some person of sound financial standing who is personally known to him. The indorser then becomes liable for the amount of the cheque if by any chance it is not met by the drawer's banker when presented in due course. A person who thus undertakes liability by indorsement in

B

this manner is said to "back the cheque" (See **BACKING A BILL**.)

BACKWARDATION.—Backwardation, sometimes abbreviated to "back," is the exact opposite of contango (*q v*), and represents the consideration paid by a bear of stock for the loan of stock, enabling him to continue his bargain to the next settlement. In other words, the bear, having sold for the settlement a certain amount of stock he does not possess, and being desirous of carrying over or continuing the transaction, when the account day arrives is not in the position of the bull who requires to borrow money with which to pay for the stock he has bought but does not take up, but requires to borrow the stock. The consideration paid by the bull for being allowed to continue his bargain is called a "contango," and represents the interest payable on the money he would have had to pay had he taken delivery of the stock on the settling day; if, however, he is a bear, and has to borrow stock, any consideration he has to pay for the loan of the stock is called a "backwardation." In actual practice, while the bull generally has to pay a contango, it does not follow that the bear has to pay a backwardation; in fact, he is often credited with the contango which the bull is paying for the privilege of not having to take delivery of stock which the bear has sold and is not anxious to deliver. If, however, there is a preponderance of bears and a corresponding shortage of stock, there are more bears anxious to obtain the loan of stock than there are bulls anxious to pay for the privilege of not having to take delivery of stock, and in this case what amounts to a premium on the loan of stock is brought into being in the shape of a payment made by the bear for such loan of stock, and is known as a backwardation. This somewhat complicated business is explained in more detail under the heading of "carrying over."

BADGER.—A hibernating, burrowing, carnivorous animal belonging to the same family as the otter and the weasel. It is found in both Europe and America, but the two species are quite distinct. The common badger is about the size of a fox, and is hunted for its skin and hair. Trunk coverings and other articles are made from the skin, and the long, elastic hair is used in the manufacture of brushes for graining, gilding, etc., and also for the best shaving brushes. The fur of the American species is a valuable article of commerce on account of its fine quality. In colour it is greyish in winter and yellowish-brown in summer.

BAEL FRUIT.—Also known as Bhel Fruit. It is a sort of orange obtained from the *Aegle marmelos*, an Indian tree. The fruit has a delicate taste and odour, and is useful as an astringent in cases of diarrhoea and dysentery. A cement is obtained from the seeds, and the rind is doubly valuable, yielding both a perfume and a yellow dye.

[BAE

BAGGAGE INSURANCE.—This species of insurance is of modern date, and has been introduced to supply a want long felt by travellers. The terms upon which goods can be insured are obtainable from the various companies which deal in this kind of business, and the whole matter is fully treated in the article *INSURANCE*.

BAHAMAS (BRITISH).—These are a group of islands, about 600 in number, lying mostly in the tropics, south-east of Florida and north-east of Cuba. Only about twenty of the whole are inhabited. These are generally level, of coral limestone, with a sandy soil. The area of the Bahamas is 4,404 square miles, and the population, according to the latest estimate, is about 60,000. The majority of the inhabitants are the descendants of liberated Africans.

The products of these islands from the soil consist of oranges, pineapples, tomatoes, mahogany, ebony, and satin-wood; the sea yields sponges, turtle-shells, and salt. Sisal hemp, a native fibre of Yucatan, and other fibre plants have lately been introduced, and under the encouragement of the Government about 30,000 acres are now under cultivation. Hitherto the export of sponges has been the leading source of income in the Bahamas, but there is a growing fruit export trade, principally to the United States. Also, on account of the salubrious climate, there is a considerable profit derived from the visits of American tourists, who frequent the islands in large numbers during the winter season. There is direct steamship communication with New York.

Nassau, in the island of New Providence, is the capital, and only considerable town.

The other important islands are San Salvador, Grand Bahama, Long Island, Harbour Island, Grand Inagua, and the Andros Islands.

San Salvador was the island first sighted by Columbus in 1492.

Nassau is about 4,000 miles distant from London. Mails are dispatched from Great Britain twice a week. The time of transit is twelve days. For map see *WEST INDIES*.

BAIL.—This word has a twofold meaning, and signifies either the individual who procures the release of an accused person from custody, until the time of the hearing of the charge, by becoming surety for his appearance in court in due course, or the security which is actually given. As is well known, a person who is charged with a criminal offence is generally brought up before justices of the peace or a stipendiary magistrate in the first instance, and unless the preliminary hearing is determined immediately, the accused is remanded from time to time, and finally either the case is determined or dismissed, or the accused is sent for trial to the assizes or to quarter sessions. It is between the dates of the remands or between the time of the committal and the date of trial that it is often desired to obtain bail for an accused person. Justices of the peace, or a stipendiary magistrate, have power to grant bail in all cases except treason, though in the case of serious crimes it is seldom allowed. Owing to various circumstances, however, it is now becoming more and more common to grant bail, especially when it is not likely that the accused will attempt to escape from justice. A wide discretion is left to the justices as to the terms upon which they will accept sureties for the appearance of the accused, but an appeal is always possible to a judge of the

High Court if bail is refused or if the terms imposed are considered excessive. But a judge will not, as a rule, interfere with the discretion exercised in refusing to admit to bail whilst the prisoner is on remand simply. When the bail has been fixed and the sureties required are not forthcoming, or are unsatisfactory in the opinion of the police, there is no alternative for the accused but to remain in prison and await his trial. The sureties are responsible for the appearance of the person bailed at the proper time, and if they fail to produce him their bail is estimated, *i.e.*, they will be compelled to pay the sum fixed by the justices upon the security of which bail was granted. If the sureties are doubtful as to the appearance of the accused in due course, they can relieve themselves from their liability by delivering up the accused at any time before the date fixed for his re-appearance or his trial. When a person is summarily arrested, he must be admitted to bail unless he is brought before a court within twenty-four hours of his arrest, though this will not apply in the case of a crime of a serious nature.

The granting of bail does not apply to persons only. Thus, if a ship is arrested, the owner may secure its release by giving bail to the satisfaction of the court.

In order to increase the facility of granting bail in criminal cases, the Bail Act of 1898 gave power to justices to dispense with sureties if, in their opinion, by so doing they will not be tending towards the defeat of the ends of justice.

In cases of a suspicious nature, the names of the persons tendered as sureties may be required to be furnished for some time before bail is granted, so that the police may make inquiries as to their character and means. Thus, a twenty-four or a forty-eight hours' notice is frequently required.

It is not the practice to accept as bail persons who are not householders, and in no case should the solicitor of the accused be accepted, such a thing having been declared by the courts to be "highly inexpedient, if not improper." A married woman and an infant will not be accepted as bail.

An agreement by an accused person to indemnify his bail is illegal in that it tends to produce a public mischief, and the parties to such an agreement are guilty of the offence of conspiracy (*q.v.*), although the agreement may have been entered into without any wrongful intent.

The word is said to be derived from the low Latin *baile*, a nurse, or from the old French *baill*, a guardian or trustee.

BAIL BOND.—This is the name of the bond which is entered into by an accused person and his bail, when the former is bailed out by a surety, pending the further hearing or the determination of a criminal charge preferred against the accused.

BAILLEE.—The person to whom goods are delivered in trust under a contract, and who is responsible for the custody and safe return according to the terms of the bailment (*q.v.*).

BAILER or BAILOR.—The person who delivers goods to a bailee in trust under a contract.

BAILIFF.—Literally, the meaning of the word "bailiff" is a person who has goods placed under his bail or control.

The modern meanings are—

(1) An agent or an overseer acting on behalf of a superior. The word is derived from the middle

Latin *ballivus*, from the classical Latin *bajulus*, and signifies a burden-bearer. In this sense it is now usually applied in particular to a land steward.

(2) A legal officer, acting under the sheriff (*q.v.*), who is employed for the purpose of making arrests, levying executions, or distraining for rent. The sheriff himself is the King's bailiff, and his county is called his bailiwick. Such a bailiff is bound to the sheriff, with sureties, for the proper performance of his duties. He is consequently known as the "bound bailiff." If the bailiff is guilty of any trespass or wrongful act in the execution of his duties, the sheriff is liable in damages to the aggrieved person.

A bailiff of a county court is a person who acts under the supervision and direction of an official of the court, called the High Bailiff (*q.v.*). To him is consigned the actual duty of serving summonses, and executing all warrants, precepts, etc. The high bailiff is responsible for the irregularities of his bailiff in the same manner as a sheriff. No person can act as bailiff of a county court without obtaining a certificate of fitness from a county court judge, and the certificate will be cancelled if the judge is satisfied that there has been any irregularity or misconduct on the part of the bailiff. The bailiff must produce his certificate whenever called upon to do so.

A bailiff is the person who is generally employed to distrain for rent (see *DISTRESS*), and it is in connection with this part of his duties that he is most commonly known to the public.

The fees to which a bailiff is entitled in distraining are set out in the following table. The table itself, together with a list of the certified bailiffs of the district, must be posted up in every county court office.

TABLE OF FEES, CHARGES, AND EXPENSES.

1. *Distresses for Rent where the Sum distrained for is more than £20.*

For levying distress: 3 per cent. on any sum exceeding £20 and not exceeding £50; 2½ per cent. on any sum exceeding £50 and not exceeding £200, and 1 per cent. on any additional sum.

For man in possession, 5s. per day; to provide his own board in every case.

For advertisements, the sum actually and necessarily paid.

For commission to the auctioneer: on sale by auction, 7½ per cent. on the sum realised not exceeding £100; 5 per cent. on the next £200; 4 per cent. on the next £200, and on any sum exceeding £500, 3 per cent. up to £1,000, and 2½ per cent. on any sum exceeding £1,000. A fraction of £1 is in all cases reckoned as £1.

Subject to settlement by the registrar in case of dispute, reasonable fees, charges, and expenses where the distress is withdrawn, or where no sale takes place, and for negotiations between landlord and tenant respecting the distress.

For appraisal (*q.v.*), on the written request of the tenant, whether by one broker or more, 6d. in the £ on the value as appraised, in addition to the amount for the stamp.

2. *Distresses for Rent where the Sum distrained for does not exceed £20.*

For levying distress, 3s.

For man in possession, 4s. 6d. a day; to provide his own board in every case.

For appraisal (*q.v.*), on the written request of the tenant, whether by one broker or more, 6d. in the £ on the value as appraised, in addition to the amount for the stamp.

For all expenses of advertisements, if any, 80s.

Catalogues, sale and commission, and delivery, 1s. in the £ on the net produce of the sale.

Subject to settlement by the registrar in cases of dispute, if the goods are removed at the request of the tenant, the reasonable expenses attending such removal.

Where it is the duty of the bailiff to recover possession of a tenement, according to the order of the court, the bailiff may enter upon the premises between the hours of 9 a.m. and 4 p.m. Of course, this must be read, at present, in the light of the exceptional legislation passed during the Great War. As is well known, restrictions of great importance were placed upon distraint and the recovery of premises by statutes passed in 1914-19. (See *RECOVERY OF PREMISES*.)

As a preliminary to bringing any action against a bailiff in respect of any act done by him in obedience to an order of the court, six days' notice must be given.

BAILMENT.—This is the term applied to the act of delivery of goods in trust for some special object or purpose, by a person called a bailor to another person called a bailee, upon a contract, express or implied, to conform to the object or purpose of the trust.

A great legal authority, Lord Holt, divided bailments into six classes, and this division is important, as upon the character of the bailment depends the liability of the bailee in case the goods are injured or lost. The classes are *depositum*, *mandatum*, *commodatum*, *vadium*, *locatio rei*, and *locatio operis facienda*. Of these, the first two are for the benefit of the bailor alone, the third is for the benefit of the bailee alone, and the last three are for the mutual benefit of the bailor and the bailee.

(1) **Depositum.** This is the delivery of goods to be taken care of for the bailor, the bailee receiving nothing in the shape of reward for his trouble. A common case is that of one neighbour asking another to take care of articles of value during the absence of the former from home. The bailee has no right to use the articles deposited, except at his own risk, and he must return them to the bailor on demand. Whilst they are under his charge he is only responsible for gross negligence, and the question of the amount of negligence will generally depend upon the particular facts of the case. Thus, a bailee cannot be held responsible for a theft of the goods deposited, which happened through no fault of his own, nor for loss arising out of the action of third parties, nor for the consequences of a mere accident, such as fire. In one case the plaintiff brought an action to recover damages for the loss of an overcoat through the negligence of the defendant, a restaurant keeper. It appeared that the plaintiff entered the restaurant for the purpose of dining, and that a waiter took his overcoat from him, without being requested to do so, and hung it on a peg behind the plaintiff. The coat was stolen. It was held that there was evidence to warrant a verdict for the plaintiff on the ground that there was evidence from which a jury might find that the defendant was a bailee of the overcoat, and that he had been guilty, through his servant, of negligence while it was in his custody.

On the other hand, where an author sent a manuscript play to a theatrical manager, and the latter lost it, in the absence of any evidence of wilful negligence it was held that the manager could not be held responsible for the loss.

If money is deposited for safe custody, as distinguished from money deposited by way of a loan, no right of action to recover the same arises until a demand has been made by the depositor, and, therefore, the Statute of Limitations only runs from the date of the demand.

(2) **Mandatum.** This is the delivery of goods for the purpose of something being done with them, the bailee not being remunerated for his trouble. Unless there is a special undertaking on the part of the bailee to be responsible for the goods handed to him, he is only liable, as in *depositum*, for gross negligence. But he must use any special skill that he happens to possess. In an old case a horse was delivered to the defendant by the plaintiff in order that the former should ride him and show him for sale. It was shown that the defendant was a person conversant with horses, and in an action brought by the plaintiff for injuries sustained by the horse through the negligent riding of the defendant, it was held that the defendant was liable although he did not receive any reward for his services.

(3) **Commodatum.** This is the lending of an article or articles to be returned in the same condition as at the time of the loan, reasonable wear and tear excepted. If the article or articles to be returned are not the identical ones lent, but others of equal value, e.g., postage stamps or money, the bailment is said to be *mutuum*, and not *commodatum*.

Since the benefit of such a bailment is for the bailee alone, he is responsible for the slightest negligence. But if the articles perish by inevitable accident he will be excused. This is only true as to *commodatum*. In *mutuum*, on the other hand, the right of property and the risk pass immediately upon delivery to the bailee, and he must restore the equivalent to the bailor whatever happens.

It is the duty of the bailor to inform the bailee of any known defects in the articles deposited.

The bailee has no lien upon the goods lent to him for any antecedent debts due to him, and he is not entitled to retain them until the bailor pays the expenses to which he has been put in connection with their custody.

(4) **Vadium.** This is the contract of pawn. (See PAWN AND PAWNBROKER.)

(5) **Locatio Rei.** The deposit of goods upon hire. The degree of negligence for which a hirer is answerable is intermediate between that of the first two and the third of the class of bailments. The test may be laid down to be the degree of care which might be expected from a prudent man in dealing with his own property. The terms of the bailment will be generally indicated in the hiring agreement, and the bailee must not do anything inconsistent with these terms, otherwise the bailment is at an end.

There is an implied warranty on the part of the letter that the goods hired are reasonably fit for the purpose for which they are supplied, and that they are free from all unreasonable defects. (See HIRE PURCHASE.)

(6) **Locatio Operis Faciendi.** The deposit of goods upon which labour is to be bestowed, and for which the bailee is to be remunerated. To bailees of this class belong wharfingers, carriers, etc. The measure of liability is generally the same as in *locatio rei*,

but this may be increased by reason of the known or professed skill of the bailee.

BAIZE.—A rough, woollen fabric, with a long nap on one side, mainly used for coverings, linings, curtains, etc. Dresser baize, also known as oil baize, is a sort of oilcloth employed, as its name implies, as a covering for kitchen dressers.

BAKEHOUSES, LAW AS TO.—The law as to bakehouses is contained in the Factory and Workshop Act, 1901, in conjunction with some of the provisions of the Public Health Acts. A bakehouse may be a small shop, or it may be an immense factory. In either case, it is classified as a non-textile factory or workshop. A bakehouse is defined as any place in which is baked bread, biscuits, or confectionery, from the baking or selling of which a profit is derived. A non-textile factory, as applied to baking, means: Any works, warehouses, mills, in which steam, water, or other mechanical power is used in the manufacture, and where, also, manual labour is carried on for gain in the making of bread, biscuits, or confectionery. If the factory is a tenement factory, the term means that different trades are carried on by different firms in the same building. In this case, the factory of each separate firm within the same building is treated as a separate factory.

A workshop, i.e., a baker's shop and bakehouse, is a place where manual labour is carried on in the baking of bread for gain. The term includes a tenement workshop, and is governed by the same law as a tenement factory.

The bread factory or bakehouse must be kept in a cleanly state, free from smells arising from any drain, water, or other closets, or urinal. There must be no overcrowding in it, so as to make it injurious to the health of the persons employed in it. The medical officer of health, or the inspector of nuisances, will report any disobedience to these rules, and the district council, or the metropolitan borough council, or the town council, or the city council, will enforce the law. Two hundred and fifty cubic feet of space must be allowed to each person, or if he or she is working overtime, the allowance must be 400 cubic feet. These figures may be modified by order of the Secretary of State. A notice must be put up in each room stating the number of persons who may be employed there. Sufficient sanitary conveniences must be provided, and where both sexes work in the same building, proper separate accommodation must be there.

All machinery must be efficiently fenced, where such machinery is dangerous to human life, and such fencing must be kept in a good state of repair. Every steam boiler must have a proper safety valve, and be examined by a competent person once in fourteen months, and the report entered in the register within fourteen days. Regulations are made as to the cleaning of machinery in motion, and the due provision of the means of escape in case of fire. All these regulations are rigidly enforced.

If an accident occurs causing loss of life or injury, written notice must be sent to the inspector of the district. In the case of explosion, notice must be sent to the Government inspector. In the case of an inquest arising out of the accident, a relative of the deceased may attend, or any person nominated by a majority of the workmen.

The employment of women and young children shall begin at 6 in the morning and end at 6 in the evening, or from 7 to 7, or from 8 to 8, excepting on Saturdays, when the hours are from 6 to 2, or

from 7 to 3, or from 8 to 4 o'clock. The time for meal times shall be not less than an hour and a half in all, and one hour on Saturdays. Children must only be employed in morning and afternoon sets, or on alternate days. Women employed in workshops (a baker's shop and bakehouse) may be employed there for eight hours a day, with an interval of two hours for meals. A notice to this effect must be put up in the workshop and also served on the inspector. Full particulars are given in the Act, by which holidays for women and young persons are regulated. These provisions apply to England, Scotland, and Ireland. Under special circumstances, women and young children may work for longer hours when there is special need, and the Secretary of State permits it.

In that part of a bakehouse where bread baking is being carried on, a youth above the age of sixteen years may work between 5 in the morning and 9 in the evening, out of which must be allowed him a period of seven hours' absence. Whatever the ordinary hours of work are must be put up in the bakehouse; if a youth is employed before the beginning of that ordinary period, he must not be employed on the same day after the end of the ordinary period. A baker is not allowed to decide what the ordinary period of work is for a youth, for it is the period fixed by the Act during which women and children may work. (The hours are mentioned above.) Generally speaking, the Act requires that women, children, youths, and young girls shall have their meals at the same time. They must not have their meals where the breadmaking is going on, unless the Secretary of State otherwise permits. The Secretary of State may also allow any other day than Saturday for the half-holiday, but there must be a notice of the fact put up in the bread factory or bakehouse.

Where the baker is a Jew, the following rules as to hours of work will apply: If the bakery is closed until sunset on Saturdays, women and young persons may be employed from sunset until 9 in the evening. If he closes his bakery both before and after sunset, he may employ women and young persons for one hour on every other day of the week (except Sunday), but not before 6 in the morning or after 9 in the evening. A woman or young person may be employed on Sunday, if the bakery is closed on Saturday, and not opened for traffic on Sunday; but the baker must not employ them as well on Saturday evenings or for the additional hour on the other days.

Women may work overtime in accordance with the following regulations: Between 6 a.m. and 8 p.m., or between 7 a.m. and 9 p.m., or between 8 a.m. and 10 p.m. Two hours must be allowed for meals. A woman must not be so employed for more than three days in any one week. When there is great press of work, the Secretary of State may modify this regulation. A boy of sixteen and upwards may be employed during the night, but not for more than twelve hours, with proper rests for meals. The order of the Secretary of State must be obtained for the employment of youths at night.

The owner of the bakery must serve notice upon the inspector relating to all special exceptions as to the hours of work and meal times of women, children, and young people, and the notices must be affixed in the bakery.

No woman or girl shall be employed in a bakery within four weeks after giving birth to a child. A child under twelve years of age must not be

employed. Young persons under sixteen cannot be employed in a bread factory without a medical certificate of fitness. Provision is made in the Act for children who are at work in factories to attend school in the morning, or in the afternoon, or on alternate days.

A special modification of the Act applies to bakehouses. No room or place may be occupied as a bakehouse if a water-closet, earth-closet, privy, or ashpit is in direct communication with it. The cistern which supplies water to the bakehouse must be distinct from that which supplies the water-closet. No sewage pipe may have an opening in the bakehouse. In addition to a fine of 40s for breach of this rule, there is a further fine of 5s a day after conviction until the nuisance is removed. If justices of the peace are satisfied that a bakehouse is in an insanitary state, they may fine the occupier 40s for the first offence, and 15s for each later offence. The justices may order that the bakehouse be made sanitary; if the order is not complied with, the fine will be 11s a day until the occupier obeys the order.

All the inside walls of a bakehouse, all the ceilings, passages, and staircases must be painted with oil, or varnished, or be lime-washed, or be partly treated with oil paint, or varnish, and lime-wash. If the walls or ceilings are painted, there must be three coats of paint or varnish. The whole must be repainted or re-varnished at least once every seven years, and must be washed with hot water and soap at least once every six months. The lime-washed part of the bakehouse must be renewed every six months.

If a room or place on the same level as the bakehouse is used for sleeping, it must be cut off from the bakehouse by an effective partition extending to the ceiling. The room must have an external window of, at least, 9 superficial ft., and one half of this window must be made to open for ventilation. Fines for disobedience: First offence, 20s; subsequent offences, 15 each.

Bakehouses must not be underground unless they were so before the Act was passed; in that case, they must be certified by the district council to be suitable. An underground bakehouse means: A bakehouse, any baking room of which has the surface of its floor more than 3 ft. below the foot-way of the adjoining street or of the ground nearest to the room. A baking room means any room used for baking or for any purpose incidental thereto. The district council will not certify the bakehouse unless it is satisfied that the place is suitable as to construction, light, ventilation, and in every other respect. If the district council will not give a certificate, the occupier may apply to justices of the peace, who have the power to grant one. If structural alterations are necessary so as to satisfy the authorities, and the occupier thinks that the owner ought to bear the expense, the occupier may complain to the justices, who may order that all the expenses shall be borne by the owner, or that a portion shall be borne by the owner and the occupier respectively, or that the lease may be determined (given up).

The law here summarised in so far as it relates to retail bakehouses will be enforced by the district council in which the bakehouse is situated. The medical officer of health may enter upon the premises, inspect them, and take legal proceedings concerning them.

A retail bakehouse is any bakehouse or place, not being a factory, in which the bread, biscuits,

and confectionery sold in it by retail, are sold in some shop or place occupied with the bakehouse.

Every person who occupies a factory or workshop in which women, children, and young persons are employed, must, within one month, send a notice to the inspector of the district. The notice must state the name of the factory or workshop, the address, the nature of the work carried on, whether the work is done by water, by steam, by gas, by electricity, or by hand labour. A notice prepared in form specified in the Act must be affixed in every factory and workshop.

Some definitions of moment are: Child, a person under the age of fourteen; night, the hours between 9 o'clock in the evening and 6 o'clock the next morning; woman, a woman of the age of eighteen years and upwards; young person, is a boy or girl who has ceased to be a child, and is under the age of eighteen.

In workshops in which there are no women, or young persons, or children employed, several of the rules made in the interests of these persons are not so strict. The following regulations do not apply to men's workshops, wherever they were specially made in the interests of women and children and young persons: Rules as to temperature, ventilation, drainage of floors, sanitary conveniences, opening of doors, dangerous machinery, and incquests. The rules as to hours and holidays do not apply, nor as to the education of children, nor as to the affixing of abstracts and notices at the entrance to the workshop, nor as to the keeping of a general register. Where, however, men only are employed in bakehouses, the special provisions as to bakehouses are enforced, as well as the provisions of the Public Health Acts as regards sanitation and the health and safety of the public.

At the present time, 1919, there is considerable agitation amongst the bakers, like other labourers, for an amelioration of the terms and conditions of work. No doubt this agitation will lead to an amendment of the Factory Act in the favour of bakers, at least, at no distant day.

BALANCE CERTIFICATE.--Where a Shareholder in a joint stock company disposes of only a part of the shares comprised in his share certificate, it becomes necessary to issue to him a certificate for the balance.

Some company secretaries refrain from preparing a balance certificate until specially requested so to do, the idea being, presumably, that the holder may have disposed of the remainder of his shares and the transfer not be available for registration. A more systematic method, however, is to prepare the certificate without waiting for such request. It is usual to hand to the person surrendering the old certificate a receipt termed a balance receipt or balance ticket (*bt*) for retention until the balance certificate is ready for delivery. The new certificate number should be written on the counterfoil of the balance receipt book, thus avoiding the possibility of the preparation of any certificates being overlooked, and at the same time affording a ready means of ascertaining whether the certificate for any particular receipt has been made out.

Where shares still stand registered in the name of a deceased member and the executor transfers a part of them, and a balance certificate has to be issued for the remainder, such certificate should be made out in the name of the deceased, and an endorsement written on the back to the effect that probate in favour of A B has been exhibited to

the company. A balance certificate issued in respect of shares held in joint account where one of the joint holders has died should be made out in the name of the survivor, or survivors, without reference of any kind to the deceased person.

The original certificate should be produced at the board meeting when the sealing of a balance certificate is authorised.

BALANCE OF TRADE.--The purpose of trade is to obtain goods in abundance; and, in the long run, since we have no gold mines, the goods we obtain are paid for by other commodities or services, not by money. Ultimately, that is, our imports are paid for by our exports, whether these imports or exports consist of material goods or "invisible" services. No country could continue to buy more than she sold, on pain of becoming bankrupt; and no country would continue to give more than she received, on pain of being called foolish. Allowing for temporary irregularities, there is a Balance of Trade, or, rather, it should be called a balance of international indebtedness, a balance of credits and debits. Payments may be due to the dwellers in one country as interest on investments abroad, as remittances of earnings in the service of foreign nations, as repayments of debt, as drafts drawn by foreigners touring the country for business or for pleasure, and what is in our case of so great importance--bankers' and brokers' commissions. In the case of Great Britain, the long continued and vast excess of imports prior to the Great War were in part payment of interest or profits on investments in other countries, and in part earnings of our carrying trade. The payments were made almost invariably in goods, not in money. India, for instance, a debtor country, must maintain a great excess of exports over imports in order to meet its annual obligations. But even if no financial relations except the buying and selling of goods existed, there would still be a disparity in value between imports and exports. The imports are valued as they arrive, and include freight and insurance charges; the exports are valued as they leave, and without the addition of freight and insurance. The financial condition of the world owing to the exhaustion caused by the Great War will have widespread economic effects for many years. The statements in the text refer mainly to normal times, and will need modification in order to meet special circumstances.

The Balance of Trade must in the end be established, unless a country, like a fraudulent debtor, repudiates its debts; but for an interval, shorter or longer, an equilibrium between debits and credits may not result. A country may live for a while on its capital. Securities may be going abroad in compensation for goods; and at length the stock of gold, which, as a rule, enters into trade to the slightest degree, begins to depart. When more bills are payable to creditors abroad than are due from debtors abroad, the Balance of Trade is against us. The exchanges are said to be "unfavourable," because a sum of money abroad is worth more than the same sum at home. Similarly, when the obligations incurred by our merchants and others abroad do not equal the sum of the debts to be collected abroad, a sum of money here is worth more than the same sum abroad. The exchanges are then said to be "favourable." The terms are reminiscent of the much abused doctrine that the object of trade is to amass money. When gold had to be sent abroad

to restore the Balance of Trade, the country was regarded as losing; when gold must come here, the country was gaining. But the terms still have a very real meaning from the point of view of the man who has payments to make in foreign parts. The less favourable the exchanges, the more difficulty and expense he has of finding means of meeting his obligations; the more favourable, the cheaper can a bill be obtained which will cancel his debt.

BALANCE RECEIPT OR BALANCE TICKET.—

A balance receipt, or balance ticket, is the name of a document issued where a holder of shares in a joint stock company transfers only a part of the shares referred to in his share certificate, in which case it is usual for the transfer, accompanied by the certificate, to be presented to the secretary of the company for "certification" (*q.v.*), when a balance receipt will be handed to the person presenting. It constitutes temporary documentary evidence of title in respect of the shares retained, and serves until a balance certificate (*q.v.*) can be prepared and delivered in exchange. Where the shares are not fully paid, the amount paid up should be stated on the receipt.

A balance receipt may also be issued where a share certificate, which has been defaced or worn out, is surrendered to the company for the purpose of having a new one prepared, or where a new certificate is desired by reason of an alteration in the name of the proprietor (*e.g.*, by marriage). When used for purposes such as this, the term "balance receipt" is, of course, a misnomer, but it will usually be found more convenient to use a receipt in this form than to have a separate book for such cases.

Balance receipts are also issued in connection with "splitting" of share certificates.

Before delivering the relative share certificates, the company secretary should see that these receipts are given up; and in the event of a receipt having been lost, a letter of indemnity should be insisted upon. For although balance receipts have not the same effect as share certificates given under the seal of the company, yet they are regarded by brokers and others as documents of value; and it is advisable that the company should be protected from any possibility of loss arising from alleged carelessness in delivering the share certificate without obtaining the appropriate receipt.

It sometimes happens that, although a shareholder has disposed of all his shares, the transfers are not all lodged with the company for certification at the time the share certificate is surrendered, some being presented later accompanied by the balance receipt which it will have been necessary to issue. In such a case, no balance certificate need, of course, be prepared, and the receipt, after being cancelled and marked either "transfer registered" or "transfer certified," according to the circumstances, should be pasted to the counterfoil of the balance receipt book. This book should be examined at regular intervals (say, weekly), and balance certificates prepared where the receipts have not already been surrendered. The new certificate numbers should be entered on the counterfoils of the receipt book.

BALANCE SHEET.—A statement of the assets and liabilities of a business. When, in the case of a partnership firm, the liabilities exceed the assets, the business is said to be insolvent. The excess of assets over liabilities is called capital. In the

balance sheets of a private firm and of a limited company the capital is differently treated, as in the case of the former it fluctuates by reason of the effect of profits, the introduction of fresh capital, losses, and withdrawals. In the latter it is not affected by these matters, and the liability of the company to its shareholders remains the same.

An examination of a balance sheet is of the greatest importance, as it affords information regarding the amount of capital in the business, and the proportions which are invested in fixed assets and floating assets (*q.v.*). In order to give this information, it is advisable that the assets and liabilities should be shown in as much detail as possible, and that each succeeding balance sheet should be capable of being linked up with the previous one.

A balance sheet must be drawn up so as to exhibit a true statement of the position of the business, and in the case of a limited company must be signed by two directors, or, if there is only one director, by that one; and the auditors' report must be attached to the balance sheet, or a reference made to it at the foot of the balance sheet; and the report must be read before the general meeting and be open to inspection by any shareholder.

(See Sec. 113 Companies (Consolidation) Act, 1908).

Section 20, s. 3, of this Act enacts also that a statement in the form of a balance sheet shall be forwarded with the annual summary in the case of public companies.

The articles of association of a company contain provisions relating to the balance sheet, and if Table A (which is the statutory form of articles) is adopted, it is provided that a copy of the balance sheet and directors' report shall be sent to persons entitled, at least seven days previously to the meeting.

The method of presenting a balance sheet differs in the case of private firms and limited companies, a comparison of the ones given on p. 149 clearly showing this. There is, however, no fixed rule as regards the actual arrangement of the different items included in the assets and liabilities, though these may be taken as a good general form in which they may be drawn up.

BALANCE SHEET, HOW TO READ.—Balance sheets are concise statements of assets and liabilities designed to show the financial position of a firm, company, or undertaking as at a given date. Such statements are prepared at regular periods, generally annually, and, in the case of limited companies, are submitted for the approval of the shareholders in general meeting.

The object of the balance sheet is to enable the proprietors to ascertain periodically whether their venture is progressing or retrogressing, to calculate their profits or their losses, and generally to consider their actual position. Hence a properly drawn balance sheet is a scrupulously exact and clear statement of facts, and in large private businesses and all public companies it is vouched for as correct in accordance with the books of accounts, by competent auditors.

But balance sheets are not merely simple lists of assets and liabilities, capable of being understood at a glance. For instance, among the assets often appear items which represent nothing of tangible value, and under the heading "liabilities" are shown amounts which are not debts. In

PRIVATE FIRM.
FORM OF BALANCE SHEET.

● LIABILITIES.		● ASSETS.	
Sundry Creditors	£ s d	Sundry Debtors	£ s d
Less Reserve for Discounts.	£ s d	Less Reserve for Bad Debts	£ s d
		" " " Discounts	£ s d
Bills Payable	£ s d	Bills Receivable	£ s d
Loans	£ s d	Expenses unexpired	£ s d
Expenses due and accrued	£ s d	Stock-in-Trade	£ s d
Reserve Fund	£ s d	Consignments	£ s d
Capital ¹	£ s d	Investments	£ s d
As per last Balance Sheet	£ s d	Goodwill	£ s d
Add Interest	£ s d	Less amount written off	£ s d
" (Profit (if any))	£ s d	Patents	£ s d
Less Drawings	£ s d	Less amount written off	£ s d
" Loss (if any)	£ s d	Machinery and Plant	£ s d
	£	As per last Balance Sheet	£ s d
		Additions	£ s d
		Less Depreciation	£ s d
		Land and Buildings —	£ s d
		As per last Balance Sheet	£ s d
		Additions	£ s d
		Less Depreciation	£ s d
		Less Mortgages	£ s d
		Cash at Bank	£ s d
		Cash in Hand	£ s d
	£		£

¹ If more than one partner, the detail similar to above of each partner's Capital would be shown separately.

¹ If more than one partner, the detail similar to above of each partner's Capital would be shown separately.

LIMITED COMPANY
FORM OF BALANCE SHEET

[illegible]

estimating the financial position as set forth in the balance sheet, these items must be carefully distinguished from those representing current or potential values or possible claims.

Balance sheets differ in (a) form and (b) clearness and amplitude of detail. Naturally, the vast number of private and public organisations which carry on the industrial, commercial, and financial business of the world, could not adopt one specific form of balance sheet. But even in the broad subdivisions into which the world's trade might be divided, such as engineering, shipping, mining, textile, banking, etc., very little attempt has been made to use a standard form of account. This renders a comparison of the stability of different undertakings difficult. In certain of the great public utilities, however, such as water, gas, railway companies, and other undertakings requiring the consent of Parliament or of municipal bodies, a standardised balance sheet is employed, and an important step was taken in the early part of this century by certain great foreign banks, who agreed among themselves upon a special form which gave full particulars of both assets and liabilities with admirable clearness.

Further, the lucidity of the balance sheet will depend, not only on the reader's perspicacity, but on whether the management do or do not desire to expose the full facts of the position. In the latter case, investigation may be baffled by grouping together assets of varying degrees of realisability, such as machinery, stock, and investments, and showing them in the balance sheet by a single lump sum, by writing off an abnormally over-sufficient sum for depreciation (as is nearly always the case in regard to the premises owned by banks) or by otherwise concealing the actual profit.

Assuming that the items are separately set out, the first step towards understanding a balance sheet is to arrange the assets and liabilities into groups, the items of which are allied by common characteristics. Take the case of a company formed to undertake a manufacturing business. Its first needs would be to acquire land, to erect buildings and to equip them with machinery and plant. Without these properties the company could not undertake business, they are the permanent and fundamental necessities of the undertaking, and will be employed in the production of the commodity in which the company will trade. These permanent necessities are known as "fixed assets," and they form a class distinct in character from the other possessions of the company.

The next group of assets consists of the circulating materials of trade. It includes the stocks of raw materials which are bought, the finished and partly finished articles which are produced therefrom, the bills receivable drawn by the purchasers of the goods, and the book debts which are owing by customers; in a word, all those items which are held temporarily and whose ultimate purpose is to be converted into cash. These are the "Circulating Assets."

The third group comprises the cash and such other resources as loans and investments, which are realisable in cash at short notice. These, owing to their ready availability, are known as "liquid assets." Over and above these three groups will be found other items, such as goodwill, patents, unexpired insurances, discount allowed on issues of debentures, and brokerage and commission on issues of shares. Some of these, e.g., goodwill, may

have a real value, and could be taken into account if the business were sold as a going concern; others, such as brokerages, represent money paid out of capital, and are shown on the "assets" side of the balance sheet in accordance with the requirements of the Act of Parliament governing public companies. But these items are not of active service to the undertaking, and in estimating the value of the assets in a balance sheet they may for all practical purposes be omitted and may be grouped under one head as "Intangible Assets."

On the "liabilities" side of the balance sheet all the items may be divided into two groups, one of which consists of the debts which the undertaking, as such, is regarded as owing to the proprietors, the other being the liabilities which the business has incurred to outside parties, who are its creditors. In the first group will appear the capital which has been invested either by the private trader or by the shareholders, the profit and loss account, which shows the balance of the undivided profit and the reserve funds, which represent profits set aside in previous years for various purposes, and which, technically, are deemed to belong to the shareholders.

The second group will comprise the amounts owing to special creditors, such as bankers and mortgagors, the ordinary trading debts and the bills payable; also the full nominal value of all debentures issued, this latter frequently being the largest item.

The gain in clearness by adopting the foregoing natural classification of the assets and liabilities is illustrated in the following example. The original balance sheet, which is that of a well-known company, is first reproduced.

Example 1.

BALANCE SHEET—31ST DECEMBER, 19

Assets.		Liabilities.	
£	s. d.	£	s. d.
NOMINAL CAPITAL—			
50,000 5½% Cumulative Preference Shares, £1 each		50,000	0 0
100,000 Ordinary Shares, £1 each		100,000	0 0
		<u>£150,000</u>	<u>0 0</u>
CAPITAL ISSUED—			
50,000 5½% Cumulative Preference Shares, fully paid		50,000	0 0
100,000 Ordinary Shares, fully paid		100,000	0 0
		<u>150,000</u>	<u>0 0</u>
SUNDRY CREDITORS			1,059 6 5
RESERVE—			<u>18,000 0 0</u>
PROFIT AND LOSS—			
Balance brought forward	55 15 6		
Profit for the year as per account	11,697 9 6		
	<u>11,753 5 0</u>		
Deduct Interim Dividends paid, viz.—			
Preference Dividend	1,375 0 0		
Ordinary Dividend	3,000 0 0		
	<u>4,375 0 0</u>		
			<u>7,378 5 0</u>
			<u>£176,437 11 5</u>

EXAMPLE 1.—*continued.*

<i>Assets.</i>		£	s.	d.	£	s.	d.
COST OF GOODWILL, &c.	..	110,000	1	7			
FREKHOLO AND LEASFOLD	..						
● PREMISES, PLANT, MACHINERY AND HORSELS.	..	20,441	1	0			
as at 31st December, 1918	..	132	2	0			
EXPENDITURE DURING YEAR	..	20,573	4	6			
	..	540	3	8			
<i>Less DEPRECIATION</i>	..				20,052	11	10
SUNDRY DEBTORS, <i>less</i> RESERVE FOR BAD DEBTS AND DISCOUNTS	..	10,600	17	3			
BILLS RECEIVABLE	..	450	10	10			
	..				11,150	8	13
STOCK ON HAND AS CERTIFIED BY MANAGING DIRECTOR	..				3,055	0	3
CONSOLS (£25,380 9s. 4d.), AT COST	..	24,000	5	0			
<i>Less</i> Amount previously written down	..	156	7	0			
(Market value 31st December, 1918, £21,050)	..				23,843	18	0
LOCAL LOANS (£1,000)	..				983	10	0
(Market value 31st December, 1918, £955)	..						
CASH—							
At Bank	..	2,887	0	4			
Due to Deposit	..	1,500	0	0			
In Hand	..	1	17	7			
	..				6,388	17	11
	..				£176,437	11	5

Re-arranged, the balance sheet shows as under—

Example 2.

BALANCE SHEET (31st December 1918)

<i>Liabilities.</i>		
To the Shareholders—		
Capital Issued—		
Preference Shares	..	100,000
Ordinary Shares	..	100,000
Reserve	..	18,000
Balance of Profit and Loss Account	..	7,378
	..	£176,378
To the Public—		
Sundry Creditors	..	1,059
	..	£176,437
<i>Assets.</i>		
Fixed—		
Premises, etc.	..	£20,053
Circulating—		
Sundry Debtors	..	10,600
Bills Receivable	..	460
Stock on Hand	..	3,055
	..	16,118
Liquid—		
Investments	..	24,827
Cash	..	6,389
	..	31,216
Intangible—		
Cost of Goodwill, etc.	..	110,050
	..	£176,437

If we may assume that the values of the items correspond fairly closely to their balance sheet figures, the following facts become at once obvious—

(1) At the date of the accounts the company owed to outside creditors the sum of £1,059, against which it had in liquid assets £31,216 and circulating assets £15,118—a very strong financial position.

(2) So far as the shareholders are concerned, after

paying off the creditors, there remained to them £65,328—

Liquid Assets	..	£31,216
Circulating	..	15,118
Fixed	..	20,053
	..	66,387
<i>Less</i> Outside Creditors	..	1,059
	..	£65,328

(4) The goodwill is included as an "asset," at a valuation equal to 1½ times the combined total of all the other assets.

(4) The profit for the year is £11,697 (see *Example 1*).

An example of analysis on these lines is given later, but before proceeding to this, it is necessary to examine a little more closely the constituent items found in most balance sheets. It may be stated at once that the figures given in balance sheets do not always correctly represent the facts notwithstanding that they are certified as being "in accordance with the books of the company," but a careful scrutiny, even if it does not unveil the whole truth, frequently discovers the points of weakness. The especial matters to which attention should be directed are as follows—

Fixed Assets. In the case of buildings, plant and machinery, and other items used for the production of revenue, it is essential that proper depreciation should be written off annually. Premises become dilapidated, and plant and machinery have a "life" of so many working years. Each year these properties require to be repaired, and the cost is a working expense which must be charged against the business before the profit is calculated. In addition, a definite sum should be written off the value of these assets, for, however thorough the "maintenance" may be, they are each year definitely nearer the period of their final disuse. The amount thus written off should be passed through the subsidiary accounts and shown as deducted from the value of the asset in the balance sheet. The percentage written off annually will, of course, vary according to the nature and the age of the asset. It should be noted, however, that sometimes the amount set aside for depreciation of assets, instead of being deducted from the value of the asset itself, is shown on the opposite (liabilities) side of the balance sheet under the title of "Depreciation Fund" or "Reserve for Depreciation," while the asset remains at its original figure. But it may be taken as an invariable rule that all such items, whenever they convey the idea of depreciation represent nothing but the accumulated loss on the assets to which they refer.

Circulating Assets. The stock should show in the balance sheet at cost price or under, and full allowance be made for loss in value through damage, change of fashion, fall in price of materials, etc. Further, the stocktaking should be an actual checking of the goods, the total being certified by a responsible official. The book debts (trading debtors) should be safeguarded by a reserve for possible defaulters, and the amount deducted from this item in the balance sheet. Where, as in the case of companies which execute large contracts, there are "works in progress," it should be stated whether or not these have been taken at cost, less amounts received.

Liquid Assets. In this group, especial attention

will require to be directed to the item "Investments," where such exists. In every case the market value of the security should, if possible, be given, even where, for various reasons, the original cost is inserted in the balance sheet (see *Example 1*). Some companies invest capital in the shares or debentures of companies engaged in allied or subsidiary trades, either to ensure a regular supply of raw materials or to obtain custom, or to develop an auxiliary side of their business. Often these investments have no market quotation, and their value is a matter of estimate only.

A company with surplus capital will sometimes place money on loan, for which ample security should, of course, be obtained, and, in the case of commercial undertakings, it should be made quite clear that the money has not been used for speculative ventures. The item "cash" requires but little comment, except that attention should be given to the amount on hand or at bank. Many companies require to keep comparatively large sums available, but where the business does not need such, to retain a big current account at the bankers is the most uneconomical way of using it. Even if placed on deposit, it earns only about 1½ per cent less than bank rate, which is a poor return on the capital. Except in special circumstances, investment in sound and quickly realisable securities is undoubtedly the best means of employing surplus funds.

Intangible Assets. Some of the items grouped under this heading can, in many cases, be regarded as valueless. For instance, the preliminary expenses of forming the company, such as cost of registration, i.e., the Inland Revenue charges on the amount of nominal capital, etc., the printing and advertising of the prospectus, and the legal costs—these all represent outlay necessary to the inception of the company, but which can never be recovered. The law allows these items to be classed as "assets," because they are expenses chargeable against capital, and the same principle applies to the brokerage paid in respect of applications for shares. Then there is the discount on debentures. Many companies which issue debentures cannot command the full nominal value of the bond in the market, and the result is that it is issued for less. In the balance sheet, instead of showing the net amount received (under the "Liabilities"), the full face value of the security is given, and the discount—or the difference between the face value and the actual price of issue—is placed on the "Assets" side, where it remains year after year, until it is written off out of profits.

Goodwill, the appearance of which in this group is so frequent, may be worth much or little, according to circumstances. Technically, it is a fixed asset, having been paid for out of the capital of the company, but for the purpose of practical analysis, it is prudent to class it as an intangible asset. The factors which give value to goodwill are large profits in proportion to capital, their maintenance or progressive increase from year to year, and the smaller the degree to which the business depends for its success on the skill or influence of one or a few individuals. But where there is no profit there is no goodwill, whatever the figure it stands at in the balance sheet. The valuation of goodwill in the case of the sale of a business or the transfer of partner's interests is a matter for experts; but, roughly, the goodwill of a private trading firm ranges from one to five years' purchase (based on the average annual

profits); of a manufacturing business from one to four years' profits; of a professional connection, one to three years; while that of quasi-monopolies, as newspapers, will sometimes range up to ten years' purchase.

As already stated, the whole of the items on the liabilities side may conveniently be dealt with under two heads: "Liabilities to the shareholders" and "liabilities to the public."

The term "liabilities to the shareholders" is misleading, inasmuch as the company has no financial liabilities, in a legal sense, to its shareholders, for the shareholders collectively are the company. But in a perfectly sound undertaking, the total of the items of this group accurately represents the value of the assets which would remain to the shareholders after all the outside creditors had been paid off. That the proprietors own all the assets after paying the debts is, of course, obvious, but in calculating the possible return to shareholders it should be remembered that the assets are not always equal in value to the total shown on the "assets" side (see *Example 1*).

The chief "liability to the shareholders" is the share capital. It is important to note whether this has been fully or only partly paid up. If an ordinary business firm gets into financial difficulties, its members have an unlimited liability in respect of their business debts, and their private means must be drawn upon to make good their obligations. But in a limited company the shareholder undertakes to subscribe so much capital, and, however disastrous the venture turns out, his financial obligation absolutely ceases as soon as he has paid his money. On the other hand, he cannot withdraw his contract to subscribe for shares allotted to him, and he must arrange either to pay his "calls" when made, or to transfer his shareholding to someone who will. Investors, therefore, should make a very careful examination of the position of any company whose partly paid shares they propose to purchase. The creditor, on the other hand, will regard uncalled (not unused) capital as an additional security for his advances.

Shares are of different nominal amounts, and they possess different rights. "Preferred" shares may have privileges both as to capital repayment in the event of liquidation and as to distribution of profits over the ordinary shares. But the preference dividend is almost invariably at a fixed rate, so that in a successful company the ordinary shareholders receive very much larger dividends than the preference as the reward of their courage.

Where the issued capital of a company is large compared with the magnitude of the business, it will frequently be found that there is a large item of goodwill on the opposite side of the balance sheet (see *Example 1*), and in such cases it is probably correct to infer that a large block of shares was issued fully-paid to the vendors in satisfaction of the "goodwill" of the business sold by them to the company. As a rule, this fact is not disclosed in the balance sheet, so that the capital account does not accurately show the amount of capital subscribed by the public.

Reserve funds, which also come under the heading of "liabilities to the public," represent the amounts set aside out of the profits from time to time to meet various contingencies. Some of these contingencies may be definite, e.g., the replacement out of revenue instead of out of capital, of certain plant or buildings; or to provide dividends in a

Property and Assets.		£ s. d.		
Leases, Plant, and Fixtures		15,473	6	3
Stock-in-Trade, as valued by the Company		19,654	14	4
Sundry Debtors		44,543	18	7
Sundry Dividends on Investments accrued		120	10	6
Bills Receivable in hand		1,313	11	3
Cash in hand and at Bank		7,561	15	8
Investments at current market prices	£9,331	17	9	
Do. Special Reserve Fund (Consols, Railway Debentures, etc.), at current market prices	3,500	13	6	
Do. Redemption of Leases, etc., at current market prices	6,950	0	0	
		19,782	11	3
Goodwill		49,000	0	0
Alterations to Premises, etc.,	575	1	7	
Less Amount written off	339	2	4	
		235	19	
PROFIT AND LOSS ACCOUNT—				
Debit Balance brought forward from last Account		182	0	0
Add further Loss for period to date, as per Account	5,230	0	0	
		5,412	4	3
		£163,098	11	4

The first step is to secure, if possible, at least the two previous balance sheets. The necessity of studying the present balance sheet in the light of the past is, of course, clear. For if a business made £10,000 profit in 1919, £15,000 in 1918, and £20,000 in 1917, its fortunes are retrogressive; but if £10,000 in 1919, £6,000 in 1918, and £2,000 in 1917, they are progressive. The items of the three balance sheets should then be rearranged in their proper groups as shown in *Example 4*. To facilitate comparison, the totals of the groups are shown in heavy type.

Let us deal, first, with the position on the assumption that the face value of the figures given is accurate. Is the company solvent? This is ascertained by comparing the current liabilities (those to the public) for the year 1919, with the readily available (liquid and circulating) assets. These latter amount to some £93,000, against which there are creditors £2,600, so that even allowing a wide margin for possible over-estimation of values, the solvency of the company is beyond doubt.

Example 4.

Liabilities.	1917	1918	1919
	£	£	£
To the Shareholders—			
20,000 5% Cumulative Preference Shares of £5 each	100,000	100,000	100,000
50,000 Ordinary Shares of £1 each, fully paid	50,000	50,000	50,000
RESERVE FUNDS, viz.—			
Redemption of Leases, Depreciation, etc.	6,950	6,950	6,950
Special Reserve for Preference Shares, in accordance with Articles of Association	10,000	10,000	3,500
PROFIT AND LOSS ACCOUNT—			
Balance from last year .. £136			
Profit for year (1917) .. 733	869	nil	nil
	167,819	166,950	160,450
To the Public—			
Sundry Creditors	28,145	26,897	2,648
	196,964	193,847	163,098

Assets.	1917	1918	1919
	£	£	£
Fixed—			
Leases, Plant, and Fixtures	15,894	15,894	15,473
Circulating—			
Stock-in-Trade, as valued by the Company	33,137	33,547	19,655
Sundry Debtors	67,173	66,855	44,544
Bills Receivable	2,057	1,340	1,314
Sundry Dividends on Investments accrued	225	220	120
	102,592	101,962	65,635
Liquid—			
Cash in hand and at Bank	8,028	4,784	7,562
Investments	5,000	5,000	9,332
Do (Special Reserve Fund—Consols, Railway Debentures, etc.)	10,000	10,000	3,500
Do (Redemption of Leases, etc.)	6,950	6,950	6,950
	29,978	28,734	27,844
Intangible—			
Goodwill	49,000	49,000	49,000
Alterations to Premises, etc.		575	236
Profit & Loss Account			
Balance brought forward from last year	1918	1919	
Loss for year	1,051	5,230	
	49,000	49,757	54,048
	196,964	193,847	163,098

A glance at the position revealed by the three balance sheets, however, shows that the business of the company has heavily declined. While the fixed assets are practically unaltered, the circulating or trading assets have fallen from £102,592 in 1917 to £65,635 in 1919. The stock is down from £33,000 to £19,000, the book debts have dropped from £67,000 to £44,000, and the bills receivable from £2,000 to £1,300. In the same time, the company's own indebtedness has diminished from £29,000 to £2,600. In plain language, the company is buying less and selling less than it was three years ago. The effect of this shrinkage is eloquently expressed in the profit and loss accounts. Thus, in 1917, the profit and loss account appears on the liabilities side of the balance sheet, indicating an excess of the total assets over the liabilities; but in 1918 and 1919 this account is placed on the assets side, thereby showing an excess of liabilities over the assets. Hence we find that in 1917 there was a profit of £869, which in 1918 was converted into a loss of £182, while in 1919 this deficit was increased by a further loss of £5,230, making it £5,412. (N.B.—The actual trading loss is greater than it seems, as it has been minimised by the interest received on investments.) Even this is not the full measure of the company's loss, for it appears that the Special Reserve Fund of £10,000 (built up out of past profits for just such emergencies as this) has been drawn on to the extent of £6,500 (*Example 3*) to meet preference dividends as they fell due.

On other grounds, also, the balance sheet is open to criticism. It is by no means certain, indeed, that the values, as stated, would stand the test of expert assessment. These may be examined briefly—

Fixed Assets. Here three items (*Example 3*), widely dissimilar in nature, viz., leases, plant, and fixtures, are merged in one total of £15,473. The leases may be short and practically valueless, and adequate depreciation may not have been allowed on the plant and fixtures. Some further light is thrown upon these assets by the first item under

the heading "Reserve Fund," which will be found among the "liabilities" on the opposite side of the balance sheet (see below). But where important information is lacking, it must be assumed that the actual facts, if disclosed, would be displeasing.

Circulating Assets. These form by far the largest group of the assets, the two chief items being: Stock, £19,658, and sundry debtors, £44,544. The first is "valued by the company," which is an unsatisfactory statement. The value attached should be certified by the managing director or some other responsible and capable official, and it should be stated whether it is taken at cost or under, or at an enhanced price. As to the decline in the book debts, when a firm's business is falling away, it means either that customers are buying elsewhere, or that they are unable to make fresh purchases owing to general slackness of trade. In the first case, they meet their obligations to the old firm reluctantly, and in the second, bad debts abound. In the balance sheet under examination there is no mention of provision having been made for contingencies of this latter kind.

Liquid Assets. The company's cash position has been well maintained, notwithstanding that special reserve fund investments, amounting to £6,500, have been sold to supply dividends and to write off necessary depreciation on the other securities (Example 3). It will be noted that a greater measure of frankness has been adopted in regard to the investments, which in 1917 and 1918 are shown *at cost*, but in 1919 are given at market prices, the loss in value having been written off.

Intangible Assets. These amount to £54,648 or about 33 per cent, the nominal value of the total assets of the company, and £49,000 of this amount is accounted for by goodwill. It may be safely assumed that, judged by the three balance sheets here given, the value of goodwill is nil, and if the company were being taken over by another concern, this "asset" would not be paid for.

Among the liabilities, attention should be called to the "Reserve Funds." The first item reads: "Redemption of leases, depreciation, etc.," £6,950, from which it will be understood that it merely represents the loss which has befallen the leases (by effluxion of time) and the plant (by wear and tear), which must be deducted from the value of those assets shown in the balance sheet at £15,473. Further, it will be noted that the figures at which the depreciation stands have not been increased since 1917, so that further loss in value must be deducted.

An examination conducted on the foregoing lines will serve to indicate the weak points of a balance sheet, and whether there is a *prima facie* case for regarding the assets as overvalued. As a further indication of the state of affairs, the auditors' certificate to be found at the foot of every balance sheet should be carefully read, for the auditor is under a heavy responsibility to make clear to the shareholders his view of the position of the company. In order that an adverse opinion should not be made more public than necessary, an auditor will frequently refer, in his printed certificate, to a report which he has furnished to the directors. This must be read at the annual general meeting of the company for the benefit of the shareholders present, but the point for the outside investigator is, that such guardedly-worded certificates may, in the majority of cases, be regarded as danger signals, which merit

serious attention by those interested in the welfare of the company.

Fictitious Assets. In the accounts of a public company all money expended on capital account may legally be shown in the balance sheet on the "Assets" side. Expenditure on capital account includes the purchase price paid on taking over a business, the expenses of raising funds for the equipment of the undertaking, and all the outlay necessary to place the company in a position to earn revenue. Hence goodwill, whether paid for in cash or in shares, is an item of capital expenditure, and may be legally included among the assets.

Debentures (*qv*) which are issued at a discount are shown at their full nominal value in the balance sheet, the discount being separately set out on the assets side. In the same way, the initial cost of forming the company, including inland revenue stamps and lawyers' fees, printing and advertising, must not be deducted from the share capital raised, but shown on the assets side. Brokerage allowed on applications for shares is also a charge against capital, and must be similarly set out. Obviously the preliminary expenses, brokerage, and debenture discount represent irrecoverable expenditure; and, since they possess no value, are fictitious "assets." Goodwill, technically, is a fixed asset, but there are many cases in which its value, as shown in the balance sheet, is nil. An undertaking which cannot make profits, or cannot make better profits than any other similarly equipped concern which chooses to compete with it, has no goodwill which is of marketable value; and in computing the value of such a business this item may safely be excluded. Sometimes the difference in the market value of investments and their purchase price is retained on the assets side, but it is needless to say that such a difference is a fictitious asset. Under this heading also may safely be classed short leases, the cost of patents nearing their date of expiration, outlay on advertising and "improvements" charged against the future, and balance of insurances paid in advance. None of these would be of any value in the event of financial difficulties overtaking the business.

BALANCE SHEETS, FORMS OF.—The function of this form of financial statement of affairs is to exhibit, on the one hand, in convenient and appropriate order, the amount of liabilities; as against its several assets or items of different classes of property. The present forms of balance sheets used in statements of affairs in a private business or a partnership, and in the case of limited companies, are rather the outcome of settled custom in business circles, no degree of standardising the form of balance sheet in such cases has been arrived at. With companies constituted by special Act of Parliament, however, the case is different. Railway, tramway, gas, electric light, and water companies are required to draw up their balance sheets upon the double account principle (*qv*). Banking and insurance companies also are required to render their balance sheets in a form prescribed by law. Ordinary commercial undertakings, on the contrary, prepare their balance sheets on the single account system. The old form of Table A, attached as a schedule of the Companies Act, 1862, contained a form of account, which, however, did not bind companies registered under the Companies Acts, the natural consequence being that its existence was practically ignored. The later form of Table A,

under the Companies (Consolidation) Act, 1908, does not contain this form, the Board of Trade having dispensed with the form some years previous to the passing of the latter statute.

The object of the balance sheet is to display, in a manner intelligible to the lay mind, the precise financial standing of the business or concern it purports to represent. It is necessary to show, on the one hand, in properly classified groups, the different assets set against the various forms of indebtedness on the other. The order of that classification in respect to the assets should be arranged in such a way as will distinguish the readiness or facility by which those items could be realised or converted into cash. As to whether cash or other similar items should take precedence over those offering greater difficulty in point of realisability, authorities differ. At present, precedence is given to fixed assets in the great majority of cases, though there is undoubtedly a marked tendency to reverse this order, a number of banking businesses preferring to follow this latter course. Certainly this seems to be the more natural plan. The same may be said of liabilities: the debts due to the proprietor, the partners, or shareholders in the business, as the case may be, at present take pride of place at the head of the balance sheet in the greater number of instances, but, of course, where liquid assets are placed first, indebtedness to proprietors is correspondingly placed last on the opposite side. The root principle of this question of precedence resolves itself into the advisability or otherwise of first stating the most available resources, and those claims which have first to be met. The best authorities are gradually taking the affirmative view.

The preparation of the balance sheet is based upon the figures of the trial balance (*q.v.*), which has previously been drawn up to exhibit in detail the full extent of the affairs of the business. Before the balance sheet can be commenced, a careful review of all the items of the trial balance must be undertaken in view of any necessary adjustments, and for the drawing up of trading, revenue, and profit and loss accounts, the balance of the latter only appearing in the balance sheet itself.

It has become a thoroughly established custom for many years past to state the assets on the right-hand side of the balance sheet, in contradistinction to their position as balances in the books of account: thus the various items of properties, or debts due to the concern, rank as debit balances, or on the left-hand side of the ledgers and of the trial balance, the items constituting the indebtedness of the concern appearing as credit balances on the right-hand side. In the balance sheet this order is reversed. For this reason the words "To" and "By" should not appear in relation to assets and liabilities, the balance sheet being a condensed and ordered summary of the balances contained in the books, the employment of these two words is out of place, as they only refer to the mere operations in book-keeping.

The existence of a balance sheet presupposes a system of accounts on the double entry principle, it is only possible to construct such a statement upon a system capable of reconciliation and automatic adjustment. The single entry system or similar method of recording transactions is incapable of providing anything more than a mere statement of affairs—it could not be termed a balance sheet.

In the case of *partnerships* the articles of partnership usually provide for an annual "general account," which shall be signed by each of the partners. A *limited liability company* formed under the Companies Acts, 1908-17, is required, under Table A, Clause 107 (as practically representing each company's articles of association), once in every year to lay before its shareholders in general meeting a balance sheet, accompanied by a report of its directors, and a signed report of the auditors, made up to a date not more than six months before that meeting. *Parliamentary companies* are regulated in this matter by the special statutes by which they are constituted under the Companies Clauses Act, 1845. In the majority of these cases, a balance sheet is to be prepared half-yearly in a specially prescribed form.

The form of balance sheet required for a partnership concern would follow the lines of that required for a limited company, but in the place of share capital would appear the capital account of the different partners (see *PARTNERSHIP ACCOUNTS*). No profit and loss account would be shown in this case, as the capital account is either debited or credited with the result of trading or revenue whenever the accounts are drawn up, the partners bearing or sharing their due proportions.

The appearance of profit and loss account in the balance sheet of a limited company represents undistributed earnings, when shown under the head of liabilities. When this account comes on the assets side, the account shows a loss on revenue, and, of course, presents a situation of insolvency—revealing an excess of liabilities over assets.

BALANCES BOOK.—A book in which are entered the balances of the ledger accounts. Usually only a list of debtors and creditors is entered in the book to show the detail of the items comprising the totals included under these headings in the balance sheet. In some businesses, however, it is customary to abstract a list of balances from the sales and purchases ledgers at certain periods other than at the balancing period, for the purpose of obtaining the total amounts due to and by the firm, which is submitted to a responsible person or to the principal. Should this be done, say, each month, if the book is ruled with twelve sets of columns it will facilitate comparisons of the items and economise time in re-copying the names.

BALANCE TICKET.—When the registered holder of stock or shares sells the same, his certificate must be lodged at the company's office, together with the transfer out of his name for registration. It frequently happens, however, that the proprietor sells only a part of the holding mentioned on the certificate in his name. In such case the certificate for the full quantity has to be lodged at the company's office for certification (or "certified transfer"), and a receipt for the balance (balance ticket) is handed to the broker or other individual who presented the transfer for registration, together with the receipt for the transfer, and in due course a certificate in the name of the original proprietor for the balance of his holding is prepared and issued against the surrender of his balance ticket.

BALANCING BOOKS.—Books are usually balanced at periodical intervals, which may be monthly, quarterly, half-yearly, or yearly, the two former periods being often adopted in new or weak businesses where it is desired to have a more

Form of Balance Sheet used in Manufacturing Business of Limited Liability Company.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
<i>Authorised Capital—</i>				<i>Freehold Land, Buildings, and Houses</i>	64,000	0	0
150,000 5 per cent Preference Shares of £1 each	150,000	0	0	Additions since last account ..	1,000	0	0
150,000 Ordinary Shares of £1 each	150,000	0	0				65,000 0 0
	300,000	0	0				
<i>Issued Capital—</i>				<i>Plant, Machinery and Rolling Stock</i>	95,000	0	0
150,000 Preference Shares, fully paid	150,000	0	0	Additions since last account ..	3,000	0	0
100,000 Ordinary Shares,	100,000	0	0				
	250,000	0	0	<i>Less Depreciation</i>	98,000	0	0
<i>Less calls unpaid</i>	100	0	0		10,500	0	0
	249,900	0	0				87,500 0 0
<i>Debtures £40,000 4 per cent Debenture Stock</i>	40,000	0	0	<i>Loose Tools and Trade Utensils</i>	15,000	0	0
Interest thereon unpaid	600	0	0	<i>Less Depreciation</i>	3,000	0	0
							12,000 0 0
<i>Reserve Account</i>				<i>Goodwill</i>			22,350 0 0
<i>Sundry Creditors</i>				<i>Stores and Stock-in-Trade at cost or current market rates</i>			65,000 0 0
<i>Dividends unclaimed</i>				<i>Sundry Trade Debtors</i>	48,000	0	0
<i>Profit and Loss Account—</i>				<i>Less reserved for doubtful Debts and Discounts</i>	5,000	0	0
From last account	2,000	0	0				43,000 0 0
Balance from current year's trading	38,000	0	0	<i>Investments—</i>			
	240,000	0	0	Consols	30,000	0	0
<i>Less Preference Dividend paid</i>	2,750	0	0	Colonial Funds	25,000	0	0
				British Municipal Funds	10,000	0	0
				“ Railway, Gas, and Water Stocks	10,000	0	0
				(Present market price, £74,150)			75,000 0 0
				<i>Bills Receivable</i>			3,500 0 0
				<i>Cash—</i>			
				On Deposit	10,000	0	0
				On Current Account and in hand	9,500	0	0
							19,500 0 0
							£ 392,850 0 0

thorough control over the working of the business, but the two latter are the usual periods adopted by thoroughly organised firms, in which steady working is ensured, and where it is unnecessary to go to the trouble of balancing at nearer intervals.

Balancing the books is effected by first taking out a trial balance to ensure the clerical accuracy of the postings. (See TRIAL BALANCE.) The trial balance having been justified, the real work of balancing commences.

This consists of—

- (1) A scrutiny of all allocations under the respective nominal headings, with special reference to correct allocations as between revenue and capital.
- (2) The making of apportionments and reserves.
- (3) The writing off of adequate depreciation.
- (4) The creation of adequate reserve funds, sinking funds, etc.
- (5) The compilation of manufacturing, trading, profit and loss account, or revenue account, as the case may require.
- (6) The drawing up of the balance sheet.

1. Allocations between Revenue and Capital. Expenditure is of two kinds, viz., capital expenditure and revenue expenditure, the former consisting of items which are represented by assets, and the latter of those which are of the nature of expenses and properly chargeable against profits. Seeing that expenditure will often be on account of an item, part of which benefits an asset, and part of which is of the nature of an expense, and that sometimes a certain item will benefit revenue for a longer period than that over which the balancing extends, such items should be dissected, in the former case an adequate portion being added to the asset to which it belongs, and the remainder written off against profit, and in the latter case part of the item being written off against profit and the remainder carried forward as an asset to be distributed as expenses over future working.

There are also some classes of expenditure which, although *prima facie* losses, are in reality additions to capital, as, for example, charges incurred in the purchase of land and buildings, patent fees, and other expenses relating to patent rights, interest on money sunk in improving stocks, and rent of storage of same.

There are other expenses which occur only in the case of limited companies which are capital expenditure, as expenses of flotation and expenses of issuing new shares, stocks, or debentures, although as a matter of sound finance these are usually written off over a period of years.

2 The Making of Adjustments (Apportionments and Reserves) The next matter requiring attention is the adjustment of items which may have been paid during the period under review, but the whole of which cannot be allocated against the revenue for that period, and in the same way the charge of a proportionate part of items which are still outstanding, such part belonging to the period. These adjustments are known as apportionments, and the

following examples show the arithmetical method upon which the correct proportions are arrived at—

Suppose the books are balanced for the year ended November 30th, and the following items are found to require apportionment at that date—

Fire insurance, £59 14s., paid to September 29th next.

December 1st to September 29th equals 303 days
 $\frac{303}{365} \times £59.7$ equals £49 11s. 2d. *unexpired*.

Rates accrued from June 24th at £176 18s. per annum

June 25th to November 30th equals 159 days.

$\frac{159}{365} \times £176.9$ equals £77 1s. 2d. *accrued*.

Rent accrued from September 29th last at £460 per annum

September 30th to November 30th equals 62 days

$\frac{62}{365} \times £460$ equals £78 2s. 10d. *accrued*.

Wages for the week ending Saturday, December 3rd, £68 per week,

equal 3 days $\frac{3}{7} \times £68$ equals £37 *accrued*.

Where wages are paid on time, the exact amount outstanding will be ascertainable from the wages books.

Among other apportionable items are gas, electricity, commissions, interest, dividends, and rebates on bills of exchange.

Instead of these apportionments being exactly worked out, they are often taken to the nearest proportion which can be judged by inspection.

The method of bringing these figures into account is shown at the foot of this page, the commencing figures being taken as the totals of the account as it already appears in the ledger.

In the case of a firm posting its nominal ledger direct from the cash book, items of expenses which may be due at the date of balancing, but not yet passed through the books, will be charged and carried down to the new period in the same way as amounts accrued.

The amounts unexpired will be included in the balance sheet as assets, and those due and accrued as liabilities.

Reserves are of similar nature to the above, but instead of being of a fixed and ascertainable amount, they are of a quantity which is determined by experience and knowledge of the business. Among these are reserves for discounts on debtors and creditors, reserves for bad and doubtful debts, reserves for repairs and renewals, reserves for any work in progress which is a charge against the period, as legal expenses, accountancy charges, etc., for which accounts have not yet been rendered, and income tax.

It is apparent that many of these items will be based on amounts which have occurred in the past, and according to the value of services rendered, etc.; but in the case of discounts on debtors and creditors this should be based on the averages known to exist. The reserves for bad and doubtful debts may be arrived at with fair accuracy by going through the list of debtors, and making the necessary allowances according to the soundness of each item.

Dr.				RENT, RATES, LIGHT, AND INSURANCE.				Cr.			
				£	s	d		£	s	d	
Brought forward				862	3	4		Brought forward	196	4	10
To Rent accrued				78	2	10		By Insurance unexpired	49	11	2
„ Rates				77	1	2		„ Transfer to Profit and Loss Account	771	16	4
				<hr/>					<hr/>		
				1,017	12	4			1,017	12	4
To Insurance unexpired								Rent and Rates accrued	155	7	4

There are often items which require special treatment, of which the following may be mentioned: Advertising done on a large scale will certainly benefit future periods, and hence some portion of the expense is often carried forward. The same remarks apply to travelling expenses, especially when new ground is broken up, and results which are confidently anticipated have not yet matured. Again, in the case of contracts in progress and similar matters, although it may be laid down, as a rule, that the profits are not certain until the contract is finished, yet should transactions of this nature comprise the whole of the business, such profits must of necessity be anticipated, in order to obtain correct results against the expenditure incurred in any particular period. Hence, a value must be placed upon the proportion of the contract done, and the result to that point arrived at. In these cases, of course, such valuation should be somewhat less than the value which may be known to have accrued.

The treatment of the reserves in the books is on similar lines to the apportionments which have been exemplified.

3. The Writing off of Adequate Depreciation. (See DEPRECIATION.)

4. The Creation of Reserve and Sinking Funds. (See RESERVE FUNDS AND SINKING FUNDS.)

The closing of stock account and purchases and sales accounts involve special treatment, these being transferred to trading account as shown below.

The amount of the closing stock is obtained by valuation (see VALUATION OF STOCK), the trading account being credited and the stock account debited, this, of course, appearing in the balance sheet as an asset.

5. The Compilation of Manufacturing, Trading, and Profit and Loss Accounts, or Revenue Account. The nominal ledger accounts having been closed in the manner indicated by transferring the balances to profit and loss account, this account is closed by

transferring its balance to capital account in the case of a private firm, or to profit and loss appropriation account in the case of a limited company.

In the former case, the drawings accounts are also closed by transferring their balances to the capital accounts, in the latter the balance of profit remaining on the account for appropriation by resolution of the shareholders (see individual headings).

6. The Drawing Up of the Balance Sheet. The debit and credit ledgers having been taken, and, where deemed necessary, the accounts totalled and the balances carried down, the balance sheet may now be prepared, this being simply a summary of all liabilities and assets now remaining on the books. (See BALANCE SHEET.)

BALATA.—The exudation from the bully tree of Guiana. It is of a dirty reddish-brown colour, and in quality is very like gutta percha, for which it often acts as a substitute, particularly in insulating telegraph wires. It is mainly used, together with gutta percha, as a coating for driving belts. The tree produces very hard timber.

BALE.—A common expression indicating a bundle or a package of goods.

BALEEN.—The whalebone of commerce. It is really not bone at all, but rather a kind of horn. It is found in the shape of long, thin plates in the mouth of the whalebone whales. There are about 200 plates on each side of the mouth, and their length varies from 10 to 14 ft. Baleen is strong, flexible, and elastic. Its uses are numerous, but it is mainly employed for the manufacture of corsets, strong brushes, etc.

BALLAST.—This is the iron stone, or gravel or other material, deposited in the hold of a vessel when there is no cargo or too little to bring the ship sufficiently low in the water. The amount of ballast required by a ship depends not only on her size and cargo, but also on her build, some forms of construction requiring more ballast than others.

Dr			STOCK ACCOUNT			Cr				
			£	s	d		£	s	d	
1918						1919				
Nov 30	To Stock		1,829	0	0	Nov 30	By Manufacturing Account	1,829	0	0
1919										
Nov 30	" "		1,712	0	0					
Dr			PURCHASES ACCOUNT			Cr				
			£	s	d		£	s	d	
To Purchases			14,497	0	0	By Returns, etc.	799	0	0	
"						" Transfer to Trading Account	13,728	0	0	
			£14,497	0	0		£14,497	0	0	
Dr			SALES ACCOUNT			Cr				
			£	s	d		£	s	d	
To Returns, etc.			810	0	0	By Sales	19,129	0	0	
" Transfer to Trading Account			18,283	0	0					
			£19,129	0	0		£19,129	0	0	
Dr			TRADING ACCOUNT			Cr				
			£	s	d		£	s	d	
1918						1919				
Dec 1	To Stock		1,829	0	0	Nov 30	By Sales	18,283	0	0
1919						" "	" Stock	1,712	0	0
Nov 30	" Purchases		14,728	0	0					
" "	" Gross Profit		4,168	0	0					
			£20,025	0	0		£20,025	0	0	

It is not merely the quantity of ballast which a skilful mariner has to consider; he is required also to take into account its distribution. Under average circumstances, it is considered that a ship is well ballasted when the water comes up to about the extreme breadth amidships. In order to prevent captains from filling up or otherwise injuring the entrance to rivers, ports, havens, roadsteads, etc., by the discharge of ballast, certain regulations have been made at most maritime places as to its disposal. The Trinity House Corporation has a peculiar jurisdiction over the bed of the Thames, and regulates all the proceedings touching the reception and discharge of ballast. Ships coming into as well as those leaving the Thames in ballast are equally subject to Trinity House control.

BALLASTAGE.—The name given to the tax paid for the privilege of taking up ballast from a particular port.

BALLOT.—The ballot is in reality the name of a small ball which was originally used for the purpose of voting, but the word has now gained an extended meaning, and "voting by ballot" is the name applied to any process of voting in which it is desired that the method of recording a vote shall be kept secret. There are various ways in which a vote may be taken by ballot. First, a voter may receive two balls, one black and one white, and he drops one of them into a box, so that it is unknown which of the two he has made use of. Of course, it will have been decided in advance what is the meaning which is to be attached to the use of either of the balls. Secondly, two balls of the same colour may be used, and the voter will deposit one of them into one of the partitions of a box so constructed that it is impossible to see into which of the receptacles the ball has been placed. Thirdly, instead of using balls as in the two instances above, a voter may signify in secret, by making a mark on a prepared paper, the way in which he desires to vote, and afterwards deposit the paper in a box or receptacle specially prepared for the purpose. This third method is the one adopted in the case of elections, the other two being used when it is a question of election to membership of a society or of a club. Voting by ballot was introduced, after having been advocated for a very considerable period, in connection with the election of School Boards in 1870. It was extended to parliamentary and municipal elections in 1872. In these elections the names of the candidates are printed on a paper, called the ballot paper, and the voter makes a cross opposite to the name of the candidate (or of each of the candidates, if more than one is to be elected) for whom he wishes to record his vote. The ballot paper is then folded by the voter and deposited in the ballot box. This ballot box is only opened by the returning officer or the presiding official after the poll has been closed. Any mark other than the cross or crosses is liable to render the vote void, and the same result happens if the cross is not so placed as to make it quite clear that one particular candidate is voted for. Voting by ballot does not extend to University elections. There the voting was always quite open, each voter declaring publicly the candidate for whom he wished to record his vote. But it was always possible for voting to be carried out by proxy, and a totally fresh machinery was introduced by the Representation of the People Act, 1918, which was first put into operation in the General Election of December, 1918. An elector now receives a voting paper from his University,

fills up the same, signs it, and has his signature witnessed. Personal attendance is altogether done away with.

BALSAMS.—The common name given to various species of succulent plants and to the liquid resins or saps derived from them. The latter are usually procured by incisions being made in the stems and branches. The resins are naturally liquid or semi-liquid, glutinous, and aromatic, but on exposure to the air they become thick and solid. They frequently contain an acid of the aromatic series. Of the numerous kinds of balsam, the best known are Canada balsam, Copaiba balsam, and the balsams of Peru and Tolu. Canada balsam is useful for mounting microscopical objects, Copaiba balsam is used for lac varnishes and tracing paper, whilst others, like the balsams of Peru and Tolu are mainly employed in perfumery and in medicine. The name at one time included all medicines consisting of resins and oils.

BALTIC EXCHANGE.—This is the name of one of the principal trading societies in London, and is a contraction of its full title—The Baltic Mercantile and Shipping Exchange. It is really an association of merchants, shipowners, brokers, and various allied trades, and is an amalgamation of the old Baltic in Threadneedle Street and the Shipping Exchange in Billiter Street. Its members consist of merchants who are interested in the export and import trade, and who are either shipowners or brokers—the latter dealing mostly in grain, oil, oil-seeds, timber, coal, etc. Disputes between the members are generally settled by arbitration, unless some particular point of interest arises and a decision of the High Court is desired. The membership now exceeds 2,500. The offices of the Exchange are in St. Mary Axe, E.C.3.

BALUCHISTAN.—This country lies between Afghanistan on the north and the Arabian Gulf on the south, its eastern boundary being India and its western boundary Persia. It is scarcely be considered a State at all, as there is nothing which corresponds to an organised Government. The lawless Baluchs, as the inhabitants are called, spend their time between tending their own flocks and plundering their neighbours.

Theoretically, the people are subjects of the Khan of Khelat, but of late years, owing to the strategical value of the country, the British have made considerable encroachments, and a great portion of it has become a province of British India, under the name of British Baluchistan, which is controlled by a resident who exercises his authority from Quetta. In consideration of this exercise of authority, the Khan of Khelat receives an annual subsidy from the Government of India. Certain parts of Afghanistan have also been brought within the sphere of British influence, so as to make India more secure.

The surface of Baluchistan is elevated and rugged, and, except in the valleys, it is barren and almost waterless. What exports there are consist of dried fruits and vegetable dyes, which are sent to India, the chief mode of communication being through the Bolan Pass.

Khelat, the only considerable town, is the capital. It is situated in the northern part of the country, at an elevation of 7,000 ft. above sea-level.

As in the case of Afghanistan, all communication with Baluchistan is made via India. (See map of AFGHANISTAN, page 47.)

BAMBOO.—The name commonly given to over 200 species of gigantic grasses which grow principally in India, China, Japan, and in the tropical

parts of Africa and America. The stems are hollow and jointed. The commercial uses of bamboo are very varied, particularly in the countries where they are grown. They are used for mats, sails, masts, pipes, and also for furniture and building purposes. Large importations are made into Europe from both the Old and the New World, and are converted into walking and umbrella sticks, fishing-rods, light furniture, etc. In the West Indies paper is made from the stem, and the young shoots are eaten as a vegetable.

BANANA.—The nutritious fruit of the tropical banana tree, of the same order as the plantain. It is principally grown in the islands of Jamaica and Trinidad, but the largest exports are from Central America, whence the fruit is dispatched to the United States, Great Britain, and the continent of Europe. Prior to the outbreak of the Great War the banana was rapidly growing in favour in the chief countries of Western Europe. The fruit also forms the principal food of the natives, being rich in nitrogen, sugar, and starch. It is gathered in bunches while still green and allowed to ripen during the voyage. This is necessary, as the fruit is very perishable when ripe. The best known banana is the small yellow variety from Jamaica, but a larger yellow sort is obtained from Central America. Cuba supplies the red-skinned variety. An inferior species of banana inferior in the estimation of many people is obtained from the Canary Islands.

BANCO.—The literal meaning of this word is a bench or a bank. It is a term sometimes used to distinguish the standard money in which a bank keeps its accounts from the current money of the place.

BANCO, SITTING IN.—This expression is applied to the judges of the law courts when they are sitting together in a superior court of common law, as distinguished from a judge sitting at *nisi prius* (*q.v.*). The principal business of courts in banco is now carried on in the Divisional Court (*q.v.*)

BANCOUL NUTS.—The seeds of the Indian plant *Aleurites ambinarum*. They yield a tasteless, odourless oil, similar in its medicinal properties to castor oil, and also used in the preparation of artists' oil.

BANPANA.—A corruption of an Indian word for a species of silk handkerchief, usually yellow or red in colour, and having a pattern of white spots or diamond prints. The term has now been extended to include a certain kind of printed cotton, which is first dyed Turkey red, and then receives its pattern of white spots by means of bleaching liquor, which discharges the colour. For this purpose a powerful Bramah press is used, the pattern being cut out in two plates of lead or other metal of the size of the handkerchief. From twelve to twenty handkerchiefs are acted upon at the same time. Though originally made in India, they are now exported to that country by Britain.

BANIS.—(See FOREIGN MONIES.—RUMANIA.)

BANK ACCEPTANCE.—A bill which is accepted by a bank. It is often a matter of convenience in foreign commerce that arrangements should be made by which bankers accept bills drawn abroad by the sellers of commodities to merchants in this country. A seller in such a case is then enabled to negotiate his bill at once, as a bank's acceptance is naturally a document which can be implicitly relied upon under normal conditions.

BANK AMALGAMATIONS.—In recent years the

number of private banks has rapidly declined, owing to their absorption into larger companies. This process of amalgamation has gone on at an increasing rate since 1917, and it is probable that, unless action is taken by the State, the banks of this country will quickly be extremely limited from a numerical point of view. A Treasury Committee was appointed in 1918 to consider and report to what extent, if at all, amalgamations between banks may affect prejudicially the interests of the industrial and mercantile community, and whether it is desirable that legislation should be introduced to prohibit such amalgamations or to provide safeguards under which they might continue to be permitted. In the Report of that Committee, the following recommendations were made—

"We therefore recommend that legislation be passed requiring that the prior approval of the Government must be obtained before any amalgamations are announced or carried into effect. And, in order that such legislation may not merely have the effect of producing hidden amalgamations instead, we recommend that all proposals for interlocking directorates, or for agreements which in effect would alter the status of a bank as regards its separate entity and control, or for purchase by one bank of the shares of another bank, be also submitted for the prior approval of the Government before they are carried out.

"As general principles to be acted upon at present by the Government at its discretion, we would suggest that a scheme for amalgamating or absorbing a small local bank, or any scheme of amalgamation designed to secure important new facilities for the public or a really considerable and material extension of area or sphere of activity for the larger of the two banks affected, should normally be considered favourably, but that if an amalgamation scheme involves an appreciable overlap of area without securing such advantages, or would result in undue predominance on the part of the larger bank, it should be refused. Consideration should also, in our opinion, be given to the undesirability of permitting an unusual aggregation of deposits without fully adequate capital and reserves."

"It only remains to make a suggestion as to which Government department or departments should be charged with the responsibility of approving or disapproving amalgamation schemes, etc., under our proposal above. On the whole, we think that the approval both of the Treasury and of the Board of Trade should be obtained and that legislation should be passed requiring the two departments to set up a special Statutory Committee to advise them, the members of which should be nominated by the departments from time to time, for such period as may seem desirable, and should consist of one commercial representative and one financial representative, with power to appoint an arbitrator, should they disagree."

BANK BILL.—A bill of exchange which is issued or accepted by a bank.

BANK BOOK.—This is the name which is often applied to the pass book issued by a banker to his customer.

BANK BOOKS IN EVIDENCE.—It very frequently happens that in the progress of a case in a court of law, especially when commercial matters are being dealt with, the entries contained in a banker's books become very material. The pass book is certainly a copy of the ledger, so far as any particular account is concerned, but it is to be

remembered that by the law of evidence a copy of any document is not generally admissible, if the original document is in existence. The production of any of the books of a bank in court might lead to serious inconvenience to the bank itself, especially if it contained a large number of accounts, and if the case ran on for any lengthy period. Yet, until the passing of the Bankers' Books Evidence Act, 1879, a banker was compelled, if served with a *subpoena duces tecum* (see SUBPOENA), to produce any book required in court. It was to prevent this inconvenience of the production of the bank books that the Act just named was passed, and the following Sections are of importance—

"3. Subject to the provisions of this Act, a copy of any entry in a banker's book shall in all legal proceedings be received as *prima facie* evidence of such entry, and of the matters, transactions, and accounts therein recorded.

"4. A copy of an entry in a banker's book shall not be received in evidence under this Act unless it be first proved that the book was at the time of the making of the entry one of the ordinary books of the bank, and that the entry was made in the usual and ordinary course of business, and that the book is in the custody or control of the bank.

"Such proof may be given by a partner or officer of the bank, and may be given orally or by an affidavit sworn before any Commissioner or person authorised to take affidavits.

"5. A copy of an entry in a banker's book shall not be received in evidence under this Act unless it be further proved that the copy has been examined with the original entry and is correct.

"Such proof shall be given by some person who has examined the copy with the original entry, and may be given either orally or by an affidavit sworn before any Commissioner or person authorised to take affidavits.

"6. A banker or officer of a bank shall not, in any legal proceeding to which the bank is not a party, be compellable to produce any banker's books the contents of which can be proved under this Act, or to appear as a witness to prove the matters, transactions, and accounts therein recorded, unless by order of a judge made for special cause.

"7. On the application of any party to a legal proceeding, a court or judge may order that such party be at liberty to inspect and take copies of any entries in a banker's book for any of the purposes of such proceedings. An order under this Section may be made either with or without summoning the bank or any other party, and shall be served on the bank three clear days before the same is to be obeyed, unless the court or judge otherwise directs.

"8. The costs of any application to a court or judge under or for the purposes of this Act, and the costs of anything done or to be done under an order of a court or judge made under or for the purposes of this Act, shall be in the discretion of the court or judge, who may order the same or any part thereof to be paid to any party by the bank, where the same have been occasioned by any default or delay on the part of the bank. Any such order against a bank may be enforced as if the bank was a party to the proceeding.

"9. In this Act the expressions 'bank' and 'banker' mean any person, persons, partnership,

or company carrying on the business of bankers, and having duly made a return to the Commissioners of Inland Revenue, and also any savings bank certified under the Acts relating to saving banks, and also any Post Office Savings Bank.

"10. . . . Expressions in this Act relating to 'bankers' books' include ledgers, day books, cash books, account books, and all other books used in the ordinary business of the bank.

"11. Sunday, Christmas Day, Good Friday, and any bank holiday shall be excluded from the computation of time under this Act."

By the Revenue Act, 1882, Sect. 11, the expressions "bank" and "bankers" in the Bankers' Books Evidence Act, 1879, shall include any company carrying on the business of bankers, to which the provisions of the Companies Acts apply and who have duly furnished to the Registrar of Joint Stock Companies the specified list and summary with a list of the places where their business is carried on.

Although bankers' books and duly certified copies of entries therein are admissible in evidence, neither the entries in the books nor those in the copies are conclusive as to the correctness of the same.

BANK CHARTER ACT.—This is an Act, which was passed in 1844 (7 and 8 Vict. c. 32), in order to regulate the issue of bank notes and to give to the Governor and Company of the Bank of England certain privileges for a limited period. The Act still regulates the note issues in England. Its main provisions are: The Bank of England was to be divided into two departments, the issue department and the banking department. The directors were to transfer to the issue department securities to the extent of £14,000,000, of which the debt due by the public was to be a part, and also so much of the gold coin, gold and silver bullion as should not be required for the banking department, in exchange for bank notes. After the passing of the Act there were to be no new banks of issue in any part of the United Kingdom, and, if a banker ceased to issue his own notes, the Bank of England was empowered to increase its note issue against public securities by two-thirds of the amount of such issue withdrawn from circulation. A bank issuing notes on May 6th, 1844, was allowed to continue to issue to an average amount as ascertained by the average amount of the bank's notes in circulation for twelve weeks preceding April 27th. Issuing banks were to render accounts to the Commissioners of Inland Revenue.

Previous to the passing of this Act, bankers issued notes without restrictions, and it was anticipated that the restrictions imposed by the Act would have a beneficial effect in preventing the evils from which the country had suffered through an unrestricted issue. The working of the Act was soon tested. In 1847 a severe crisis occurred, but the Act did not fulfil what had been expected, and in order to save the situation the Government had to intervene and authorise the Bank to issue notes in excess of the amount as fixed by the Act. This is called the "Suspension of the Bank Act," and it was successful in restoring confidence. In November, 1857, another crisis occurred, and again the Government gave permission to the Bank to exceed its authorised issue, with the same result as on the previous occasion. In May, 1866, the Act was suspended for the third time, and, as before, the trouble soon passed away. In each case the "restrictive theory," as contained in the Act, entirely failed, and the free

issue of notes, the "expansive theory," saved the country. H. D. Macleod says the expansive theory "was the only means of saving the Bank itself as well as every other bank from stopping payment. Thus we see the entire failure of Peel's expectations (that is, the restrictive theory in the Bank Charter Act). He took away the power of unlimited issues from the Bank, and imposed a rigorous numerical limit on its powers of issue, under the hope that he had prevented the recurrence of panics. But the panics recurred with precisely the same regularity as before; and, therefore, in this sense, the Act has failed; and when monetary crises do occur, it is decisively proved that it is wholly incompetent to deal with them."

When the Great War broke out on August 4th, 1914, the Treasury was empowered to suspend the Act once again, and the Government issued a paper currency of £1 and 10s. notes, which were declared to be legal tender (*q.v.*) for any amount. (See *MORATORIUM*.) In point of fact the Bank Charter Act was not suspended, although there is a general impression that it was.

Acts of a similar character relating to Scotland and Ireland were passed in 1845. (See *BANK NOTES*.)

BANKER AND CUSTOMER.—The ordinary relationship between a banker and a customer is that of debtor and creditor. When a customer pays in money to the credit of his account, the banker becomes the debtor and the customer the creditor, but when the banker makes a loan to a customer the position is reversed, as the customer is then the debtor and the banker the creditor. The money which a banker receives from a customer is at the free disposal of the banker; he may preserve it in his till, invest it in some security, or lend it out to another customer; but the customer retains the right to demand back a similar amount, or to draw cheques upon the banker up to that sum, the cheques being payable either to the customer himself or to some other person. The customer may also accept bills and arrange with the banker that they may be charged to his account at maturity, or he may, in certain cases, make arrangements for the banker to accept bills on his behalf. In order to constitute a person a customer, there must be some sort of account, either a deposit or a current account, or some similar relationship between the banker and the person.

When money has lain dormant with a banker for six years, the Statute of Limitations no doubt applies, as in the ordinary case of debtor and creditor, but a banker never takes advantage of the statute, and is always ready to repay the money upon the demand of the customer or his legal representatives. (See *STATUTE OF LIMITATIONS*, *UNCLAIMED BALANCES*.)

If a customer leaves with his banker a parcel of securities for safe custody, the banker's position is that of a bailee, and his liability depends, to a certain extent, upon whether he undertakes the duty gratuitously or for reward. Where the banker takes charge of his customer's articles without reward, he is only responsible for the grossest negligence. If he uses as much care in the custody of the articles entrusted to him as he would use with regard to his own property, no liability rests upon him if a loss occurs. If he is, however, a bailee for reward, he is responsible for negligence in the same manner as an ordinary bailee. (See *BAILEE*.)

The difference between a banker as a debtor to his customer and as a bailee may be illustrated as follows: If John Brown pays in £20 to the credit of his account, the banker becomes Brown's debtor and is liable to repay to Brown £20 on demand; but until the demand is made, the banker can do what he likes with the money, and the £20 which is ultimately repaid to Brown is not, of course, the same coins as were originally handed by Brown to the banker; but if Brown gives to the banker a sealed bag containing, say, coins to the value of £20 and leaves it for safe custody, the banker becomes a bailee and must take care of the bag, as entrusted to him, and return it, with the contents untouched, to the customer when required. (See *SAFE CUSTODY*.)

The position between banker and customer may also be that of mortgagee and mortgagor, as where a customer grants a mortgage, for a fixed amount, to the banker. In such a case the banker can charge simple interest only upon the loan account. (See *INTEREST*.)

A banker and his staff are bound to secrecy regarding the business and accounts of the customers, but a banker may, in certain cases, be compelled to give evidence in a court of law, and he may also be required to give a copy of entries in the books of the bank. (See *BANK BOOKS* *EVIDENCE*.)

As to a banker's position when he is requested by another banker to supply an opinion as to the status or sufficiency of a customer, see *BANKER'S OPINION*.

A bank which is so empowered by its memorandum of association may act in the capacity of sole executor under a will, or as trustee under a will or settlement, or as custodian trustee. (See *CUSTODIAN TRUSTEE*.)

BANKER AS BAILEE.—(See *BANKING ACCOUNT*.)

BANKERS' ADVANCES.—(See *ADVANCES*, *BANKERS'*.)

BANKERS' CHEQUES.—These are cheques which are issued by one banker upon another, as an easy means for the transmission of money.

BANKERS' CLEARING HOUSE.—(See *CLEARING HOUSE*.)

BANKER'S DISCOUNT.—(See *DISCOUNT*.)

BANKER'S LIEN.—(See *BANKING ACCOUNT*.)

BANKER'S OPINION.—When a banker gives an opinion, in answer to a confidential inquiry, regarding the financial position of a customer, he should exercise the greatest care, for if he says too little he may injure his customer in the mind of the person on whose behalf the inquiry is made, and if he says too much he may mislead the inquirer.

A mere verbal opinion does not render a banker liable to an action for damages. In order to create liability for a wilfully inaccurate or misleading opinion, the representation must be in writing, and be signed by the person making it, and it is the actual person who signs it who is liable. If a bank manager gives a false opinion in writing, he is personally responsible and not the banking company of which he is an official.

Where a bank manager had given a banker's opinion and an action was brought for damages for misrepresentation, Mr. Justice Ridley, in addressing the jury, said: "I have to tell you that it will not do for you to find that it was an inaccurate description of the state of things with regard to Messrs. G.; it must be inaccurate to the knowledge of the person who made it. Though with some

qualification that would be a true statement, I think I will just give the definition which is usually accepted as the one which is to guide a jury in such cases. 'In order that the statement should be fraudulent,' which is necessary to prove in this case if the plaintiff is to recover, 'it must be made knowing it not to be true, or without belief that it is true, or it must have been made recklessly or carelessly as to whether it was true or false.' Judgment was given for the plaintiff. The defendant appealed, and the Court of Appeal reversed the judgment. The Master of the Rolls said: "He wished emphatically to repudiate the suggestion that, when a banker was asked for a reference of this kind, it was any part of his duty to make inquiries outside as to the solvency or otherwise of the person asked about, or to do anything more than answer the question put to him honestly from what he knew from the books and accounts before him. To hold otherwise would be a very dangerous thing to do, and would put an end to a very wholesome and useful practice and long established custom which was now largely followed by bankers." Lord Justice Farwell said: "I thought everyone knew that these inquiries between bankers were well understood, were familiar, and that nobody supposed that one bank could ask another to go and hunt about and make inquiries. If inquiries are to be made, let the inquiring bank make them. What he asks from the bank from which he makes the inquiry is knowledge to be found in their books as to the state of the man or the account about whom he is inquiring; and it is done, not from any question of duty or any consideration, except that mutual courtesy and hope of a *quid pro quo*, to which Lord Bramwell refers."

By Section 6 of 9 Geo. IV, c. 14 (called Lord Tenterden's Act): "No action shall be brought whereby to charge any person upon or by reason of any representation or assurance made or given concerning or relating to the character, conduct, credit, ability, trade, or dealings of any other person, to the intent or purpose that such other person may obtain credit, money, or goods upon, unless such representation or assurance be made in writing, signed by the party to be charged therewith."

As bankers' opinions are usually given with care and caution, it follows that the bankers to whom they are addressed should accept them in a similar spirit of caution.

Details of a customer's account should not be communicated to anyone unless by the request of the customer.

It is a common practice for a banker to give advice to his customers as to investments. The exact extent of the duty which is imposed upon a banker under such circumstances is not quite accurately settled in law. But from the case of *Banbury v. Bank of Montreal*, 1918, App. Cas. 626, it is clear that a bank manager has no general authority to bind the banker by the advice given, nor any special authority to bind him as regards a particular investment.

BANK HOLIDAYS.—Certain days upon which the banks of the United Kingdom are closed. In England and Ireland the following days are appointed as bank holidays, under Lubbock's Act, 1871:—Sundays, Good Friday, and Christmas having always been such—Easter Monday, Whit-Monday, the first Monday in August, and the 26th December. If the last-named day falls upon a Sunday, the 27th

December is a bank holiday. Ireland has a special bank holiday in addition, St. Patrick's Day, the 17th March. If the 17th March is a Sunday, the 18th March is the bank holiday. In Scotland, the following days are statutory bank holidays, viz., New Year's Day, Good Friday, the first Monday in May, the first Monday in August, and Christmas Day. If New Year's Day or Christmas Day falls upon a Sunday, the day following in each case is kept as a bank holiday. By the Act referred to, any day is a bank holiday which is made such by Royal proclamation. There are no bank holidays corresponding to our own on the Continent, but certain days are generally kept as public holidays, and business is more or less suspended on them.

As to the date upon which bills of exchange are payable when bank holidays intervene, see **DAYS OF GRACE**.

BANK HOURS.—The hours during which banks are open to do business with the public do not vary very much. The bankers in any one town generally agree to act together as to the hours when the doors will be opened and closed. From 9 or 10 a.m. till 3 or 4 p.m. are the hours which are usually considered sufficient, although in some market towns the banks continue open for an extra hour upon market days. In very small towns or in villages, the hours may be much shorter, and are regulated according to the amount of business to be done. Sub-branches are, in some cases, open only for two or three hours once a week, as may be found necessary.

During the Great War there was a shortening of bank hours, and the banks in London, which had formerly remained open till 4 p.m., closed daily at 3 p.m.

On the occasion of local holidays, bankers may agree to be open for only, say, an hour, or they may agree to close altogether, and in such cases due notice of the holiday must be exhibited in the bank for some time previously. When a banker closes upon a local holiday he must arrange for bills falling due to be attended to and also see if there is anything urgent in the remittances and correspondence.

Most banks have one half-day holiday in the week and close at either 12 or 1 o'clock. In London, the early closing day is Saturday, and at present the hour is mid-day. (See **AFTER HOURS**.)

BANKING ACCOUNT.—The following article is a summary of the principal matters connected with the regulation of ordinary transactions between a banker and his customer.

Opening an Account. When a person is desirous of opening an account with a bank, he must, generally speaking, make a personal application at the particular bank or at the special branch of a bank with which he wishes to deal. He will then be informed of the conditions under which he will be accepted as a customer. These conditions vary with different banks. Some banks will require a minimum balance to be kept, in order that a current account may be maintained, but no general rule can be laid down. Each bank has its own special regulations. In almost all cases, however, a banker will require a reference from one of his customers, or from some other person of known standing. If the reference is satisfactory, the prospective customer must pay into the bank a certain amount of money at once, either in cash or by cheque, and as soon as the latter has been cleared he will be supplied with a pass book (*q.v.*), a paying-in book

(*q.v.*), and a cheque book (*q.v.*). If the account is opened by cheque, the banker will generally refuse to accept a cheque payable to order, and require it to be to bearer. This is to avoid any difficulty arising from a forged indorsement. (See **FORGERY**, **INDORSMENTS**.) The cheque book contains a certain number of cheques and these are payable to "bearer," or to "order," according as the customer desires. Sometimes, also, the cheques will be issued already crossed. (See **CROSSED CHEQUES**.) Unless it is desired to have the last-named in order to save time, it is not advisable to have a cheque book of this kind, although it is quite common for people to use them, and whenever cash is required to erase the crossing and to write "Pay cash" of course taking care to initial the same. This practice of erasure is not always approved by bankers.

Current and Deposit Accounts. The letter of application as to opening an account, unless the whole affair is carried out verbally, should also state whether a "Current Account" or a "Deposit Account" is to be opened. The former is the ordinary form of account in daily use by business men into which payments are made and upon which cheques are drawn; the latter is generally used for temporary investments, and is only occasionally drawn upon.

As a rule, bankers make no charge for keeping a current account, unless, indeed, the balance maintained is not sufficient to cover expenses; but even then the charge is very small. On the other hand, no interest is allowed, though an exception has been made in the past by certain banks, which have credited a small interest upon the minimum monthly balance. Recent experience has not induced banks to favour this species of dealing. In the country, though not in London, some banks allow interest, but also make a charge for all business done. Owing to the lack of uniformity in practice, the special methods of any particular bank must be inquired into by a prospective customer.

In the case of a "Deposit Account," amounts paid in are generally left for a definite stated period, and money can only be withdrawn by giving a stipulated notice. Interest is allowed on such sums at something less than the bank rate (*q.v.*) (See **DEPOSIT ACCOUNT**.)

Paying Money In. Whenever money is paid into a bank, an entry should be made of the amounts, under proper headings, in the paying-in book, or on the paying-in slip (*q.v.*), and taken to the bank with the cash, notes, or cheques. The counterfoil of the paying-in slip should be also carefully filled in. An acknowledgment is given by signing or stamping the counterfoil of the slip, and the original is kept by the banker.

Withdrawal of Money. This is effected by means of cheques. The nature of these documents is dealt with under **CHEQUES**.

The Pass Book. This is a book which is always supplied by the banker, and in it are entered from time to time a list of all the sums paid in, cheques drawn, value of cheque books, commissions paid, etc. This list should be carefully examined at frequent intervals, at least once a month, and any mistakes or omissions pointed out to the bank as soon as possible. (See **PASS BOOK**.)

A newly-married woman who has a bank account in her maiden name should, on marriage, send in her pass book to be made up, with instructions as

to change of her name and address and a specimen of her new signature. Some bankers also require production of the marriage certificate.

On the death of a customer, the pass book should be sent in with a notification of the date of death. Cheques presented after the customer's death has been notified will not be paid by the banker, no matter when drawn, but will be returned by the bank marked "Drawer deceased."

Clearings and Commissions. When a cheque is paid into the bank, and the banker is required to collect it, or to clear it—and this is the only way in which a crossed cheque can be paid—a certain period must elapse before the banker will credit the customer with the amount. He must do this for his own protection. For, although a banker is protected who pays a cheque, in the ordinary course of business, bearing a forged indorsement, he cannot deal with it, or allow credit for it, and then claim the same protection, except in so far as he comes within the protection of the Bills of Exchange (Crossed Cheques) Act, 1906. The time required to clear a London cheque is one day. Four days are necessary in the case of a country cheque, whilst five are needed if the cheque is drawn upon a Scotch or upon an Irish bank. The time taken to clear a cheque varies with different banks, and a customer may probably hear much earlier than after one, four, or five days if the cheque has been dishonoured. Sometimes a banker is specially instructed to effect a clearance by sending to the paying bank at once, instead of waiting until the cheque has passed through the clearing house.

For the collection of Scotch and Irish cheques a commission is charged as follows—

When the amount does not exceed—

£	s.	d.		s.	d.
33	6	8	..	0	6
50	0	0	..	0	9
66	13	4	..	1	0
83	6	8	..	1	3
100	0	0	..	1	6

and so on.

Discounting. A banker will always discount bills and promissory notes at the ordinary rates if they are signed by persons of known standing. The usual course is to submit the bills or notes to the bank manager with a request to him to discount them.

Banker and Customer. The relationship of a banker to his customer is that of a debtor to his creditor, and to this is added the obligation of the banker to repay the debt of the customer in such parts as it is called for by the customer. The banker is in no respects a trustee for the customer in respect of the moneys paid into the bank, otherwise he would be responsible to the customer and would have to account for all profits made by him in the use of the money deposited.

The Statute of Limitations applies to the debt between a banker and his customer, as well as to other debts. If, therefore, money is deposited in a bank and lies there for six years without being operated upon, *e.g.*, by payment of the principal or the allowance of interest by the banker, the money becomes the absolute property of the banker at the end of the six years. It is the practice of bankers, however, when funds are lying at their banks which are legally their own money, not to inquire for claimants to the same, but at the same

time not to insist on their legal rights under the Statute of Limitations against claimants who make good their claims. An effort has been made on more than one occasion to obtain the unclaimed balances held by bankers for the benefit of the State.

There is an implied contract between the parties that the banker will honour the cheques of his customer as long as there is a balance in his favour, and that he will also honour them to the extent of any overdraft which may have been agreed upon. A banker who fails to honour his customer's cheques under the above conditions is liable to an action for damages. But a banker is not bound to pay part of a cheque. Thus, if the balance of the customer is £49, and a cheque is drawn by him for £50, the banker should refuse payment. Part of the amount of a cheque is clearly not sufficient to meet it.

A banker may not disclose the state of a customer's account without justifiable cause. There can be little doubt, however, that this is improperly or irregularly done on various occasions. What cause is justifiable will depend upon the circumstances of each particular case, but the knowledge of a banker is not privileged, and he may be compelled to give evidence of his knowledge in a court of law. Also the entries in the books of the bank may be called for, though in order to prevent the inconvenience arising from the actual production of the books, certified copies of the entries may be put in evidence, in accordance with the provisions of the Bankers' Books Evidence Act, 1879 (See **BANK BOOKS IN EVIDENCE**.)

The service of a garnishee order nisi (*q.v.*) upon a banker, based upon a judgment obtained against a customer, ties up the whole of the current account of the customer at the date of the service of the order. It is immaterial that the balance of the customer is greatly in excess of the amount of the judgment debt. The account cannot be operated upon even by cheques which have been issued before the service of the order.

Plate and other valuables are frequently deposited with a banker by customers for safe custody, so also are title-deeds, certificates of shares, and bonds payable to bearer with coupons attached, which coupons are cut off after they have become due and payment is obtained by the banker. Where no charge is made for keeping such things, the banker is a gratuitous bailee, and is not responsible for the loss of the goods, even though they are stolen by one of his servants, unless he has knowingly hired or kept a dishonest servant. If, on the contrary, a commission is charged, the banker is a bailee for reward, and he is then liable for negligence like any other bailee. This deposit of valuables for safe custody is not always favoured by bankers, and the terms of the bailment should be accurately ascertained by the customer before the deposit is made. In France, bankers always make a specific charge for taking care of securities or valuables. In America, bankers decline to take charge of articles for safe custody, but they have a system of letting lockers in the safe deposit department to customers, at a rent, thus throwing the responsibility and labour of cutting off coupons, etc., upon the customers.

A banker has a lien (*q.v.*) upon all securities of his customer which come into his possession in the ordinary course of the performance of his duties as a banker; but the lien does not extend to plate and other valuables deposited for security, nor to such things as Exchequer bills, upon which the

banker is to receive interest and to exchange them for new bills. The custody of goods and the receipt of such payments are not the ordinary duties of a banker.

The duty and authority of a banker to pay a cheque drawn by his customer are determined by—

- (a) Countermand of payment.
- (b) Notice of the customer's death.
- (c) Notice of an available act of bankruptcy.

With regard to (b), however, the death of one member of a partnership firm does not determine the authority of the other members of the firm to draw cheques nor that of the banker to honour the same.

The ledger of the bank is the record of the customer's transactions with the bank, and the pass book purports to be nothing more than a copy of the ledger. It is the duty of the customer, as has been stated, to see that the entries are correct, and, if incorrect, to have them put right at once. If a customer, however, relies upon the credit entries in his pass book and thereupon alters his position, the banker must bear the loss which arises through his own errors.

If a banker pays a cheque for an amount greater than that which his customer has lying as a balance at the bank, the banker cannot recover the sum so paid from the payee, but the customer is liable to make up the deficiency to the banker.

If a banker is authorised to pay subscriptions, insurance premiums, or any other periodical payments, and neglects to do so, he is liable in damages to his customer for any loss sustained.

If a banker misappropriates any deposits of a customer, he may be indicted under the Larceny Acts.

BANKING COMPANIES.—These are governed by various rules of law not applicable to ordinary companies. Such rules are nowhere codified, but are scattered in various Acts. In the first place, any association of more than ten persons formed to carry on banking must be registered as a limited company under the Companies Acts, 1908 to 1917, whereas any other business may be carried on by a private association of not more than twenty persons. This rule applies only to modern banks, some old banks which were in existence before 1862 having a corporate life under prior Acts. These exceptions are unimportant, and continually diminishing, for many such companies, from time to time, elect to become registered as limited companies under the Companies Acts. In such a case, the formalities prescribed must be complied with, the most important being to the effect that such a company shall, at least thirty days before registering, give notice of its intention so to register to every person who has a banking account with the company, either by delivering the notice to him, or by posting it to his last known address. If the notice is not given, the certificate of registration has no effect as against the customer affected. This defect may, however, be cured by giving the customer notice at any subsequent time. Banking companies, when registered under the Acts, are under various special liabilities. They are bound to publish twice yearly a statement showing their exact financial position, and to post it in a conspicuous place in the head office and every branch. They are governed by provisions as to inspection and audit and signature of balance sheets, slightly different from those governing

ordinary limited companies; and banks of issue (that is, banks which issue notes) are governed by a special section affecting the liability of shareholders. This section (251) provides that a bank of issue shall not be entitled to limited liability in respect of its notes, and may so state on its notes. To prevent any attempt on the part of the shareholders to pay the noteholders in preference to ordinary creditors, it is provided that, if the general assets will not satisfy noteholders and general creditors, then the members, after paying the remaining demands of the noteholders, shall be liable to make good to the general creditors an amount equal to that received by the noteholders out of the general assets. Bank shares are also subject to special provisions with regard to sale and transfer, for the Sale and Purchase of Bank Shares Act, 1867 (often called "Leeman's Act"), provides that all contracts for sale of bank shares are to be void unless they specify the shares by their numbers on the register or the books of the company. If they have no registered numbers, they must be distinguished by the name of the person in whose name they stand, and if they are not distinguished in one of these ways, the contract is void. This Act was until recently disregarded on the London Stock Exchange, and any member of the Stock Exchange who tried to avail himself of it was penalised by the committee. Such a custom has been held to be unreasonable and illegal, and bankers can, therefore, only enforce it against such of the customers as can be proved to be actually aware of it.

BANK NOTES.—Bank notes are promissory notes issued by a bank and payable to bearer on demand. Unlike promissory notes, they may be re-issued after payment. But this is not the practice of the Bank of England. Their notes are never re-issued, but after payment in they are cancelled, kept in safe custody for five years, and then destroyed. In the ordinary way, bank notes are really in the position of money, and in the general dealings of commerce they are treated as cash. Their great value in commercial transactions has been the relief to bankers and individuals in the transfer of large sums of money without the necessity of using actual coins.

Notes may not be issued in England for a less sum than £5, but in Scotland and Ireland they may be issued for £1 and upwards. Notes for less than £5 were prohibited in England after April 5th, 1829. Soon after the outbreak of the Great War in 1914 the Treasury were empowered by the Government to issue notes for £1 and 10s., which became part of the currency and were the legal tender of the day.

The origin of bank notes in England is to be found in the receipts which goldsmiths gave for money left with them for safe keeping. At first, they were special promises with regard to some particular money in their possession, but afterwards they became general promises to deliver a sum of money on demand.

A country bank which is authorised to issue its own notes must take out a licence for each place where its notes are issued. A country banker usually issues his own notes again and again until they become so soiled as to be unfit for further circulation, when he withdraws the worn ones and issues others in their place.

The duty upon bank notes, as imposed by the Stamp Act, 1891, is—

BANK NOTE—		£	s.	d.
For money not exceeding £1	.. ..	0	0	5
Exceeding £1 and not exceeding £2	.. ..	0	0	10
" £2	£5	0	4	3
" £5	£10	0	1	9
" £10	£20	0	2	0
" £20	£30	0	3	0
" £30	£50	0	5	0
" £50	£100	0	8	6

And see Sections 29, 30, and 31 as follows—

"29. For the purposes of this Act the expression 'banker' means any person carrying on the business of banking in the United Kingdom, and the expression 'Bank note' includes—

"(a) Any bill of exchange or promissory note issued by any banker, other than the Bank of England, for the payment of money not exceeding one hundred pounds to the bearer on demand; and

"(b) Any bill of exchange or promissory note so issued which entitles or is intended to entitle the bearer or holder thereof, without indorsement or without any further or other indorsement than may be thereon at the time of the issuing thereof, to the payment of money not exceeding one hundred pounds on demand, whether the same be so expressed or not and in whatever form, and by whomsoever the bill or note is drawn or made.

"30. A bank note issued duly stamped, or issued unstamped by a banker duly licensed or otherwise authorised to issue unstamped bank notes, may be from time to time re-issued without being liable to any stamp duty by reason of the re-issuing.

"31. (1) If any banker, not being duly licensed or otherwise authorised to issue unstamped bank notes, issues or permits to be issued, any bank note not being duly stamped, he shall incur a fine of fifty pounds.

"(2) If any person receives or takes in payment or as a security any bank note issued unstamped contrary to law, knowing the same to have been so issued, he shall incur a fine of twenty pounds."

By 9 Geo. IV, c. 23, Sec. 7, bankers who are licensed to issue unstamped notes or bills shall pay—

"As a composition for the duties which would otherwise have been payable for such promissory notes and bills of exchange issued or in circulation during such half-year, the sum of 3s. 6d. for every £100, and also for the fractional part of £100, of the said average amount or value of such notes and bills in circulation."

The Bank of England is a bank of issue (*q.v.*), and may issue notes in England and Wales. The Bank is separated into two departments, the Issue Department and the Banking Department. It has the right to issue bank notes up to £14,000,000 against securities to that amount transferred to the issue department, and that amount may be increased by His Majesty in Council against further security to the extent of two-thirds of any banker's issue which has ceased (See BANK OF ENGLAND). Notes may also be issued by the issue department against gold and silver bullion or gold coins, but the silver bullion must not exceed one-fourth of the value of the gold coin and bullion.

Bank of England notes are legal tender (*q.v.*) in

England and Wales for any sum above £5, except by the Bank itself and its branches. They are not legal tender in Scotland or Ireland, although they circulate with the utmost freedom. Country notes are not legal tender, and a country banker is not bound to accept his own notes, even in payment to himself. All Bank of England notes are payable in gold at the head office, but at a branch only those notes are payable which were issued by that branch. Before giving cash for a note, it is customary for the Bank to request the person presenting it to write his name and address upon the back. The Bank has no legal right to make this request, and it is difficult to understand why it continues to do so. Some day, perhaps, the matter will be tested in a court of law. This would certainly have happened before now but for the fact that when a protest is made the Bank invariably gives way.

Bank of England notes may be signed by machinery instead of being written (16 & 17 Vict. c. 2, Sect. 1). The Bank has the sole right to issue notes within the City of London or within three miles thereof, and the monopoly within a sixty-five mile radius of London is only shared by those banks which enjoyed the right of issuing notes up to the 6th May, 1844, and have not since lost their privilege. Bank of England notes are not subject to any stamp duty. They are issued for £5, £10, £20, £50, £100, £200, £500, and £1,000.

Where notes of the Bank of England issued more than forty years ago, have not been presented for payment, the Bank of England is empowered by the Bank Act, 1892, to write off the amount, or any proportion of it, of such notes from the total amount issued by the issue department, and the Bank Charter Act, 1844, is to apply as if the amount so written off had not been issued, provided that—

"(a) A return of the amount of notes so written off shall be forthwith sent to the Treasury and laid by them before Parliament, and

"(b) This Section shall not affect the liability of the Bank to pay any note included in the amount so written off, and if it is presented for payment the amount shall either be paid out of the bank notes, gold coin, or bullion in the banking department, or, if it is exchanged for gold coin or bullion in the issue department, or for a note issued from the issue department, a corresponding amount of gold coin or bullion shall be transferred from the banking department and appropriated to the issue department."

A material part of a Bank of England note, and of all bank notes, is the number. If a note is lost or stolen, the number often enables the loser who has kept a record of it to trace the note. The fact of notes being numbered and, therefore, traceable, no doubt often tends to prevent their being stolen, particularly if they are for the larger denominations.

The numbers also are necessary to the Bank in order that a correct register may be kept of all notes issued, and the date of issue, and that, when withdrawn from circulation, each note may be written off in the register as having been paid. (See BANK OF ENGLAND.)

Since bank notes are negotiable instruments, the finder of a lost note is entitled to retain it against the whole world, except the rightful owner, and anyone who takes such a note from the finder *bond fide* and for value can retain it even against the lawful owner. The same thing applies to a

note which has been stolen and afterwards negotiated, provided the holder has taken it in good faith and given value for it. There is not much efficacy in the so-called "stopping the payment" of bank notes. If notice is given to a bank that notes have been lost or stolen, it may be possible to trace the channels through which they have passed since they were last in the possession of the rightful owner, but a *bond fide* holder is in no way prejudiced or liable to restore them.

Bank notes are often cut into halves and remitted by post under different covers. This is done for the sake of safety in transmission. The halves must be pasted together before being presented for payment. This mutilation does not affect the negotiability of the notes, whereas a banker would refuse payment of a cheque or a bill which had been torn in any way.

BANK NOTES, CONVERTIBLE AND INCONVERTIBLE.

A bank note is a promissory note issued by a banker and payable on demand. The banker is a lender by profession—in more polite terms, he is a dealer in money—and, like other dealers, he likes to extend his operations beyond his own means. He wishes to lend, not his capital merely, but his credit; and he may do this by giving a promissory note to the applicant for an advance, who receives it as so much money, because he knows that other people will willingly receive it on the same footing. The note possesses the essential characteristic of money, in that it is *universally acceptable*. It is put into circulation by one who has credit with the public, and it, therefore, passes in every respect as equivalent to coined cash; custom, which has been crystallised into law, makes the tender of a Bank of England note a release of the debtor to the extent of the note. It thus differs from a bill, since the debtor who pays by a bill is still liable unless the person on whom it is drawn pays it when due. The issue of notes, beyond the reserve he keeps, is a process by which the banker obtains interest for what is the creation of something intangible—the faith placed in his solvency by the public at large. The banker promises to pay the note when presented; the borrower promises to repay the note at some future date. The note is the product of this mutual indebtedness, but because the banker possesses *public* credit and the borrower only *private* credit, the banker, unlike the borrower, is enabled to charge interest for his loan. Unless some unlucky events resulted in such a demand for payment of the notes as the banker, owing to the inadequacy of the cash he held in reserve, could not meet, the process of drawing interest for the use of the wider credit might proceed indefinitely. Disastrous experience in early banking days made it clear that a sufficient basis of gold was necessary for the credit structure. What this reserve, to cope with sudden contingencies, must be varies in different circumstances. Where the demand against liabilities, whether for issues or deposits, is steady and calculable, the reserve may safely be less than where the demand fluctuates through causes which cannot be foreseen. Thus, a country bank will, as a rule, keep a smaller reserve than a city bank, for the business of the country is a well-worn routine, but that of the city is full of the most unexpected happenings. In the United States the National Banking Law recognises this fact, and requires the banks of the larger cities to keep a reserve of 25 per cent. against all liabilities. Banks in the rest of the country need keep one of only 15 per cent. The

issue of notes in England has, however, become a very subordinate part of the bank's work. The great majority of banks have no issues; in London, the Bank of England alone may possess one. The notes of country joint stock and private banks, which have not, whether by amalgamation or by the opening of a branch in London, resigned their right of issue, do not amount to one million; and the Bank of England, with its issue of about thirty millions, may exercise no discretion as to the amount of the notes it puts into circulation. Rigorously bound by the Bank Charter Act of 1844, and Orders in Council, of different dates, it may issue £18,450,000 against securities. These notes, based on securities, are, like the issues of the country banks, true promissory notes; but, except for this fixed sum, it simply gives out what are virtually warehouse receipts, certifying that in its vaults gold to the amount of five, ten, fifty pounds is deposited, and that this gold will be immediately available to any person who presents the certificate at the counter. These receipts are not coinages of bankers' credit, but only convenient forms of currency. It emphasises this fact that the notes, after presentation at the bank, are not again thrown into circulation, but are retired and after an interval destroyed. Thus, every note issued is a fresh certificate for a fresh deposit of gold. The proper analogy for such is not the promissory note but the warehouse bond, which is the evidence relied on for the possession of, say, a thousand bales of cotton in a definite warehouse.

The curious and profitable system under which we draw from other countries millions of interest, is an application of the relation between the bank and its customer on an international scale. London, by its unique banking system, and by its readiness at all times to meet drafts upon it in gold, has become the banker of the world, and collects interest for the use of its credit from the farthest ends of the earth. We may say, in fact, that London borrows from the whole commercial world just what individual traders or countries borrow of it; but because London's credit is universal, she can draw interest as the price of the exchange of her wide credit for the restricted credit of her customers.

We have spoken, so far, of "convertible" notes—of notes which, without difficulty and without question, can be turned into specie. "Inconvertible" paper, which forms the currency of certain countries which are economically in a backward state, may offer many interesting problems to theory. In practice, however, it causes a needless and irritating complication of trading relations. In our country the lesson, that the standard of value should be liable as little as possible to fluctuation whether from accident or from design, has been thoroughly mastered. We had an effective object lesson during the Napoleonic Wars. The depreciation of the bank note, during the period of restriction from 1797 to 1819, at times reached almost 50 per cent.; and none could be certain as to payments on contracts for any long period. "Stability of standard"—really an instance of tautology—is of the greatest advantage to a settling medium; and we may assume that inconvertible paper, with its doubts and perplexities, disappeared from among us for ever when specie payments were resumed at the bank in 1819. The "suspension of the Bank Act," which has been authorised on three occasions

—though once only acted on—is simply the temporary power given to the Bank to disregard the arbitrary limit for the issue of notes against securities. The suspension does not affect the immediate payment of notes in gold. If a panic of disaffection towards the notes arose, there would, no doubt, be a danger that the immediate supply of gold would be insufficient to pay the notes presented. For the banker has to fulfil two apparently contradictory functions: he must be prepared for immediate payment of the funds entrusted to him; he must also, to make his profit, employ those funds in ways which prevent their being at once available. But the reserve at the Bank appears ample for all occasions that can be easily conceived; and against such an annihilation of credit as would destroy the value of a Bank of England note no precautions would be of avail.

Since, however, our reserve at the Bank of England is liable to sudden and incalculable drains from the most diverse sources, many affirm that too small a reserve is maintained. Sir Felix Schuster affirmed, in 1904, to the Institute of Bankers that "the export of a comparatively small amount of gold, say, £500,000, puts our whole money market in a tremor." If this is so, his deduction is irresistible: "I think that the time has come when a conclusion will have to be arrived at, on whom the responsibility is to be laid for keeping the gold reserve in the country at an adequate level. I do not think we bankers ought to be called on alone to assume that responsibility; but we should co-operate with the Bank of England towards that end." Some of the suggestions for strengthening the gold reserve in the Bank of England, and so of broadening the basis on which our whole credit structure is built, are of far more than theoretical interest. Doubtless one or more will be adopted before some unlucky conjuncture of events gives cause for regret that the storm signs were neglected.

One device is an issue of £1 Bank of England notes, gold against them being added to that already in the Issue Department. In Scotland, £1 notes are so much a part of the circulation, that their total amount is over twice that of the larger denominations. The notes are evidently a convenient form of currency, and for certain purposes they are preferred to sovereigns. The English people would soon grow accustomed to their use. The gold represented by the notes put into circulation would not be drawn from abroad; it would merely be abstracted from the pockets of the people, paper being put into its place. But it would, none the less, increase the store available to cope with the drain which is to be dreaded, and against which "suspension of the Bank Act" is powerless—that caused by sudden and incalculable foreign demands. The Bank, signalling for gold from abroad by rapid raising of its discount rate, would have the more time to replenish its denuded coffers.

The preceding paragraph was written before the outbreak of the Great War in 1914. Soon after hostilities began there was an issue of £1 and 10s. Treasury notes, and gold was practically withdrawn from circulation. It is too early to prognosticate whether the new paper currency will be the normal one in time of peace, and the full effect of the issue cannot be accurately gauged for some years.

BANK OF DEPOSIT.—A bank which receives

money, at an agreed rate of interest, on condition that a certain prescribed notice shall be given previous to withdrawal. By this plan the necessity of keeping a large sum on hand, earning no interest, is avoided; there is no necessity to prepare for a sudden emergency; and the capital can be invested in securities paying a higher rate of interest than is given by the public funds or other securities which can be immediately realised.

BANK OF ENGLAND.—In the year 1691, William Paterson, a native of Dumfriesshire, submitted to the Government a plan for the establishment of a national bank; and in the year 1694 the Bank of England, which has since become the greatest banking institution in the world, was incorporated by Act 5 & 6, Will. & Mary. The Act is entitled: "An Act for granting to their Majesties several duties upon tonnage of ships and vessels, and upon beer, ale, and other liquors, for securing certain recompenses and advantages in the said Act mentioned, to such persons as shall voluntarily advance the sum of fifteen hundred thousand pounds towards carrying on a war with France." The Act authorised the raising of £1,200,000, by voluntary subscription, the subscribers to be incorporated under the style of "The Governor and Company of the Bank of England." The sum of £300,000 was also authorised to be raised by subscription and annuities granted to the subscribers. All the money was quickly subscribed, and a charter was granted on July 27th, 1694, for eleven years, and it has since then been renewed from time to time.

Within three years the Bank was compelled to suspend payment.

In 1708, when the Bank Charter was renewed, a clause was inserted constituting the Bank of England the only joint stock bank in England. In 1718 subscriptions for Government loans were for the first time received at the Bank, and the Bank has been employed by the Government in similar transactions up to the present time.

In 1720 the Bank found itself in danger of being involved in the South Sea Company's ruin. In 1734 its business was transferred from the Grocers' Hall to a newly erected building in Threadneedle Street. The Bank commenced to issue Bank Post Bills in 1738 (see **BANK POST BILL**). A run upon the Bank took place in 1745, and in order to check it and to obtain time, it is related that the directors arranged that employees of the Bank should present notes for payment and that the cashiers should pay those notes in sixpences. The employees who received the sixpences went out of the Bank, but shipped in by another door and paid in the money again. The Bank began to issue notes for £10 and £15 in 1759; previous to that year it would appear that the lowest amount of note issued was £20. In 1780 the Gordon Riots occurred, and for protection a company of Foot Guards did duty in the Bank, and ever since a company of Grenadier or Coldstream Guards has remained in the Bank during each night. In 1793, or practically 100 years after the Bank was founded, notes for £5 were first issued. The capital of the Bank had by that time increased to £11,642,400. In 1797, owing to the effects of the unusual demand for specie, an Order in Council was issued: "That it is indispensably necessary for the public service that the Directors of the Bank of England should forbear issuing any cash in payment, until the sense of Parliament can be taken on the subject. . . ."

Notes for £1 and £2 appeared for the first time

in 1797. In the same year, Peel's "Restriction Act" was passed. It is entitled "An Act for continuing, for a limited time, the restriction contained in the minute of Council of the 28th of February, 1797, of payment of cash by the Bank."

In 1810, the Bullion Committee reported to the House of Commons upon the high price of bullion and the state of the circulating medium. In 1816, the Bank was authorised to increase its capital to £14,553,000, at which amount it still stands. In 1819 the Bank Restriction Act was further continued till 1820. On May 1st, 1821, the Bank began to pay its notes in gold. In December, 1825, the Bank passed through a very severe time, and it appears that the credit of the Bank was saved by the finding of a box containing a quantity of £1 notes. In 1826, notes under £5 were abolished; and the monopoly which the Bank had hitherto enjoyed was done away with except in London and within a radius of 65 miles thereof. In 1844, the Bank Charter Act was passed. It separated the Bank into two departments; the Issue Department and the Banking Department. The Bank's note issue was limited to £14,000,000 against securities, part of which was the debt due from the public; for any notes issued in excess of that amount, gold coins or gold or silver bullion must be deposited in the issue department. The net profit on any issue of notes against securities exceeding £14,000,000 is paid to the State. The Bank Act has been suspended on three occasions; in 1847, 1857, and 1866. A few days before the outbreak of the Great War in 1914, necessary steps were taken to suspend the Bank Charter Act once more, but the issue of Treasury Notes saved the situation, and the suspension never in fact took place.

The Bank of England is the centre of the London money market, and to a very large extent, indeed, the heart of the money market of the world. Its advertised rate of discount, so well known as the "Bank Rate," is that upon which, in this country, all other discount rates and the deposit rates allowed by banks are more or less dependent.

The Bank keeps the national reserve of bullion, and as all other banks throughout the country keep an account with the Bank of England, either directly or indirectly (by keeping an account with a London agent, which agent keeps an account there), the Bank of England occupies the unique position of being the holder of the ultimate banking reserve. In a time of panic all banks fall back upon the Bank of England for supplies of gold.

The Bank carries on the ordinary business of banking, but, in addition, it has charge of the Government accounts and manages the National Debt, paying the dividends thereon. From the sums which are paid to the Bank for the management of the public debt, the Bank, by the Act of 1844, allows the State £180,000 per annum for the privileges which it enjoys. The remuneration for the management of the National Debt is fixed at an annual sum of £325 per £1,000,000 up to £500,000,000; £100 per £1,000,000 above £500,000,000, but the amount is not to be less than £160,000 per annum. The remuneration for the management of Exchequer Bonds and Bills is £100, and of Treasury Bills £200, for every £1,000,000 of such bonds or bills outstanding on the last day of the previous financial year (55 & 56 Vict. c. 48).

The Bank of England is, in the words of George

Clare, "invested with a certain stateliness and dignity of standing, which place it *hors de concours*, and which restrain it from working, as other banks do, solely with a view to dividend-earning."

The following sections in the Bank Charter Act (7 & 8 Vict. c. 32) deal with the issue of notes by the Bank and with the privileges which it enjoys:

"(1) The issue of promissory notes of the Governor and Company of the Bank of England payable on demand shall be separated and thenceforth kept wholly distinct from the general banking business of the said Governor and Company; and the business of and relating to such issue shall be thenceforth conducted and carried on by the said Governor and Company in a separate department to be called 'The Issue Department of the Bank of England,' subject to the rules and regulations hereinafter contained; and it shall be lawful for the court of directors of the said Governor and Company, if they shall think fit, to appoint a committee or committees of directors for the conduct and management of such issue department of the Bank of England, and from time to time to remove the members, and define, alter, and regulate the constitution and powers of such committee, as they shall think fit, subject to any by-laws, rules, or regulations which may be made for that purpose; provided, nevertheless, that the said issue department shall always be kept separate and distinct from the banking department of the said Governor and Company.

"(2) There shall be transferred, appropriated, and set apart by the said Governor and Company to the issue department of the Bank of England securities to the value of fourteen million pounds, whereof the debt due by the public to the said Governor and Company shall be and be deemed a part; and there shall also at the same time be transferred, appropriated, and set apart by the said Governor and Company to the said issue department so much of the gold coin and gold and silver bullion then held by the Bank of England as shall not be required by the banking department thereof; and thereupon there shall be delivered out of the said issue department into the said banking department of the Bank of England such an amount of Bank of England notes as, together with the Bank of England notes then in circulation, shall be equal to the aggregate amount of the securities, coin, and bullion so transferred to the said issue department of the Bank of England; and the whole amount of Bank of England notes then in circulation, including those delivered to the banking department of the Bank of England as aforesaid, shall be deemed to be issued on the credit of such securities, coin, and bullion so appropriated and set apart to the said issue department; and from thenceforth it shall not be lawful for the said Governor and Company to increase the amount of securities for the time being in the said issue department, save as hereinafter is mentioned, but it shall be lawful for the said Governor and Company to diminish the amount of such securities and again to increase the same to any sum not exceeding in the whole the sum of fourteen million pounds, and so from time to time as they shall see occasion; and from and after such transfer and appropriation to the said issue department as aforesaid, it shall not be lawful for the said Governor and Company to issue

Bank of England notes, either into the banking department of the Bank of England, or to any persons or person whatsoever, save in exchange for other Bank of England notes, or for gold coin or for gold or silver bullion received or purchased for the said issue department under the provisions of this Act, or in exchange for securities acquired and taken in the said issue department under the provisions herein contained; Provided always, that it shall be lawful for the said Governor and Company in their banking department to issue all such Bank of England notes as they shall at any time receive from the said issue department or otherwise, in the same manner in all respects as such issue would be lawful to any other person or persons.

"(3) It shall not be lawful for the Bank of England to retain in the issue department of the said bank at any one time an amount of silver bullion exceeding one-fourth part of the gold coin and bullion at such time held by the Bank of England in the issue department.

"(4) All persons shall be entitled to demand from the issue department of the Bank of England Bank of England notes in exchange for gold bullion, at the rate of £3 17s. 9d. per ounce of standard gold: Provided always, that the said Governor and Company shall in all cases be entitled to require such gold bullion to be melted and assayed by persons approved by the said Governor and Company at the expense of the parties tendering such gold bullion.

"(5) Provided always, that if any banker who on the 6th day of May, 1844, was issuing his own bank notes shall cease to issue his own bank notes, it shall be lawful for Her Majesty in Council at any time after the cessation of such issue, upon the application of the said Governor and Company to increase the amount of securities in the said issue department beyond the total sum or value of fourteen million pounds, and thereupon to issue additional Bank of England notes to an amount not exceeding such increased amount of securities specified in such Order in Council, and so from time to time: Provided always, that such increased amount of securities specified in such Order in Council shall in no case exceed the proportion of two-thirds the amount of bank notes which the banker so ceasing to issue may have been authorised to issue under the provisions of this Act; and every such Order in Council shall be published in the next succeeding *London Gazette*.

"(7) The said Governor and Company of the Bank of England shall be released and discharged from the payment of any stamp duty, or composition in respect of stamp duty, upon or in respect of their promissory notes payable to bearer on demand; and all such notes shall be and continue free and wholly exempt from all liability to any stamp duty whatsoever.

"(9) In case, under the provisions hereinbefore contained, the securities held in the said issue department of the Bank of England shall at any time be increased beyond the total amount of fourteen million pounds, then and in each and every year in which the same shall happen, and so long as such increase shall continue, the said Governor and Company shall, in addition to the said annual sum of £180,000, make a further payment or allowance to the public, equal in amount to the net profit derived in the said

issue department during the current year from such additional securities, after deducting the amount of the expenses occasioned by the additional issue during the same period, which expenses shall include the amount of any and every composition or payment to be made by the said Governor and Company to any banker in consideration of the discontinuance at any time hereafter of the issue of bank notes by such banker."

The position of the authorised issue of the Bank of England is as follows—

Authorised by the Act of 1844. . . £14,000,000
Authorised by Order in Council—

1855.	Dec.	7.	..	..	..	475,000
1861.	July	10	..	..	..	175,000
1866.	Feb.	21	..	..	..	350,000
1881	April	1	..	..	..	750,000
1887.	Sept.	15	..	..	..	450,000
1890.	Feb.	8	..	..	..	250,000
1894.	Jan.	29	..	..	..	350,000
1900.	Mar.	3	..	..	..	975,000
1902.	Aug.	11	..	..	..	400,000
1903	"	10	..	..	..	275,000

Total fixed issue £18,450,000

This is exclusive and independent of the issue of currency notes in 1914 on the outbreak of the Great War between England and Germany

(See BANK NOTES, BANK OF ISSUE, BANK RETURN.)

BANK OF ISSUE.—A bank which issues its own notes payable to bearer on demand. The Bank of England has a monopoly in the issue of notes in London and within a circle of 3 miles round. Beyond 3 miles and within 65 miles, the monopoly is shared with banks established before 1844. After the 65 mile limit, the monopoly is shared with all banks established before 1844, which have not since lost their privileges.

Shareholders in a bank of issue are liable for the amount of notes outstanding, in case of insolvency, although the bank itself may have been registered with limited liability under the Companies Acts.

BANK POST BILL.—A Bank Post Bill may be described as a promissory note issued by the Bank of England (which is the only bank in this country that issues them) undertaking at, usually, seven days after sight to pay "this my sole bill" to a specified person or order. The following shows the form of one of these bills—

No. London, October 1, 19..

At seven days' sight I promise to pay this my sole Bill of Exchange to . . . or order, fifty pounds sterling value received of . . .

" Accepted October 1, 19..

" A B.

" For the Governor and Company of the Bank of England.

" C D."

Although it is practically a promissory note, it may also be described as a bill of exchange drawn and accepted by a bank. The acceptance may be on the bill when it is issued, but it is to be sent into the country it may be unaccepted when issued.

When indorsed by the payee, the bill is payable to bearer. They are issued for any amounts from £10 to £1000.

Bank Post Bills of the Bank of England do not take days of grace

Bank Post Bills were first issued in the year 1738. At that time highway robberies were very frequent, and it appears that these bills were originated on the suggestion of the Postmaster-General, so that, being payable at seven days after sight, in case of the mails being robbed, the losers might have time to give notice of their loss and have payment of the bills stopped.

The following is a specimen of an Irish Bank Post Bill—

Bank Post Bill

(under X & Y Bank of Ireland,
composition for Dublin, October 1, 19..
stamp duty.)

Seven days after date pay to the order of the sum of . . . sterling.

On account of the X & Y Bank of Ireland.
Manager.

To A & B Bank, Ltd., London.

Bank Post Bills of Irish banks may be drawn for £5 and upwards, payable at so many days after date or after sight, and they take the usual three days' grace

BANK, PRIVATE.—A private bank is one which is conducted by an individual, or by a number of individuals not exceeding ten. By Section 1 of the Companies (Consolidation) Act, 1908, it is enacted—

"No company, association, or partnership consisting of more than ten persons shall be formed for the purpose of carrying on the business of banking, unless it is registered as a company under this Act, or is formed in pursuance of some other Act of Parliament, or of letters patent."

It is simply an ordinary partnership. The law of partnership (*q v*) applies in case of insolvency, and each partner is liable to the creditors of the bank to the full extent of his property. Owing to the vast amount of capital which is now required for banking purposes, no private bank has been established for many years, and some of the best known have been recently amalgamated with one or other of the great joint stock banks.

BANK RATE.—The Bank Rate is the advertised minimum rate at which the Bank of England will discount approved bills of exchange (of not more than three months' currency) or grant short loans, but the rate which is actually charged to customers who keep their accounts with the Bank is the current market rate, which is, as a rule, a little lower than the Bank Rate. The Bank Rate is fixed by the directors at their weekly meeting each Thursday, though alterations are sometimes made, when necessary, upon other days. The Rate is regulated according to the supply of money on the one hand, and the demand for it on the other. When the Bank reserve gets too low, the directors raise the rate, but when the directors find that they are in a position to increase their loans or discounts, the Rate is lowered. The reserve in the banking department is the most important cause of the rise or fall of the Bank Rate. A small reserve indicates a high Rate, and a large reserve a low Rate. A rise in the Bank Rate tends to attract gold to this country; a fall in the Rate encourages gold to go abroad. The Bank Rate is, therefore, of the utmost importance in protecting the national reserve of gold. The rates, whether for loans, discounts, or deposits, of all the other banks in the country are regulated, more or less, according to the Bank Rate.

What is here stated as to Bank Rate has reference to normal times, and the exceptional circumstances of the period of the Great War have not been taken into consideration.

BANK RETURN.—By the Bank Charter Act, 1844 (7 & 8 Vict. c. 32), Section 6, it is provided that the Bank of England issue a weekly return as to its financial position. "An account of the amount of Bank of England notes issued by the Issue Department of the Bank of England and of gold coin and of gold and silver bullion respectively, and of securities in the said Issue Department, and also an account of the capital stock, and the deposits, and of the money and securities belonging to the said Governor and Company in the Banking Department of the Bank of England, on some day in every week to be fixed by the Commissioners of Stamps and Taxes, shall be transmitted by the said Governor and Company weekly to the said Commissioners in the form prescribed in the schedule hereto annexed marked (A), and shall be published by the said Commissioners in the next succeeding *London Gazette*, in which the same may be conveniently inserted."

The Return is published on Thursdays, and is made up to the close of business on the previous day.

The weekly return issued by the Bank of England on September 7th, 1844 (that is, shortly after the Bank Charter Act was passed) is given for comparison with the weekly returns of Wednesday, June 23rd, 1909.

ISSUE DEPARTMENT		
September 7, 1844.	June 23, 1909.	
Notes issued	£28,351,295	£57,706,245
Government Debt	£11,015,100	£11,015,100
Other securities	2,984,900	7,434,901
Gold coin and bullion	12,657,208	39,256,245
Silver bullion	1,694,087	
	<u>£28,351,295</u>	<u>£57,706,245</u>

BANKING DEPARTMENT.		
September 7, 1844	June 23, 1909.	
Proprietors' capital	£14,553,000	£14,553,000
Rest	3,564,729	3,107,086
Public deposits	3,630,809	13,409,696
Other deposits	8,644,348	44,890,022
Seven day and other Bills	1,030,354	47,660
	<u>£31,423,240</u>	<u>£76,007,464</u>
Government securities	£14,554,834	£15,368,812
Other securities	7,835,616	30,707,163
Notes	8,175,025	28,328,680
Gold and silver coin	857,765	1,602,809
	<u>£31,423,240</u>	<u>£76,007,464</u>

The Bank of England is divided into two parts, the Issue Department and the Banking Department. In the return for June 23rd, 1909, the Issue Department section shows on the one side the total amount of notes issued from that department, £57,706,245; and, on the other side, the manner

in which they are secured, that is, by the Government debt, £11,015,100 (the amount of the debt at the passing of the Bank Charter Act); other securities, £7,434,900; gold coin and bullion, £39,256,245. When the Bank Charter Act was passed the combined amount of the debt owing by the Government to the Bank and of other securities was £14,000,000, and as the amount is now £18,450,000, an increase of £4,450,000 has taken place, due to the Bank having taken advantage of the privilege granted to it under the Act of increasing its issue against securities to the extent of two-thirds of the issues of country bankers which have lapsed. The Issue Department does not hold any silver bullion, although the Bank has power under the Act to issue notes against silver bullion to the extent of one-fourth of the gold. (See BANK OF ENGLAND.)

The first item in the Banking Department of the Return is the proprietors' capital, £14,553,000. The original capital of the Bank, when it was established in 1694, was £1,200,000, and it was increased from time to time until it reached the amount of £14,553,000 in 1816, at which figure it has continued ever since. The next item is the Rest or Reserve Fund, £3,107,086, which has been accumulated from profits, and to which the profits are added from time to time. The dividends to the Bank proprietors are paid out of this account, but the amount of the Rest is never allowed to fall below £3,000,000.

Public deposits, £13,409,696, represent the moneys paid into the Bank by the Government Departments, "including Exchequer, Savings Bank, Commissioners of National Debt and Dividend Accounts." In the March quarter the figures in this item increase very considerably owing to the income tax and other taxes which have been credited to the Government accounts.

Other deposits, £44,890,022, include the accounts of the ordinary customers of the Bank in London and at the branches of the Bank, and also the balances of the London clearing bankers and other London banks, and of many country banks. The Bank of England is thus the Bank upon which all other banks would rely in a time of pressure. In ordinary times, when money is abundant and not in demand, the amount of other deposits increases, owing to bankers keeping larger balances at the bank, but when the demand for money becomes stronger the banker's balances diminish, and the amount of other deposits, therefore, decreases.

Seven day and other bills, £47,660, include Bank Post Bills. (See BANK POST BILL.) The other side of the Banking Department Return, the assets side, shows how the funds have been invested. The first item, Government securities, £15,368,812, are those (e.g., Consols, Treasury Bills, Exchequer Bonds) which are guaranteed by the British Government. The next item is "other securities," £30,707,163, that is, other than Government investments. It includes general investments, also bills which have been discounted for customers and bill brokers, and loans against securities.

The "Reserve" is formed of the next two items on the Return: notes unemployed, £28,328,680, and gold and silver coin, £1,602,809. The notes on hand are part of those shown by the Issue Department as notes issued to the Banking Department. According as gold comes into the country or leaves it, the amount of the Reserve will increase or decrease.

No. 10.

In the High Court of Justice.

IN BANKRUPTCY.

No. 3195 of 19...

Re *Edward Robert Smith*

(1) Here insert the Name of the Creditor.

Ex Parte (1)

Henry Jones

(2) "I" or "We."

(2)

*I Henry Jones*of *99 Pancras Lane in the County of London, Financier*(3) Here insert name, present address or addresses, and description of debtor.
(See note at foot.)

hereby petition the Court that a receiving order be made in respect of the estate of (3)

Edward Robert Smith of 679 Cheapside in the County of London, Tool Manufacturer

(4) Also insert address at which the debtor was residing or carrying on business when the petitioning creditor's debt was incurred, commencing "lately residing" or "carrying on business at."

(4)

and say

(5) "Resided at" or "carried on business at"

1. That the said

Edward Robert Smith

has for the greater part of six months next preceding the presentation of this petition (5)

carried on business at 679 Cheapside in the County of London

(6) Or, as the case may be, following the terms of section 95

within the district of this Court (6)

2. That the said

Edward Robert Smith

(7) "Me" or "us" in the aggregate"

(8) Set out amount of debt or debts, and the consideration.

is justly and truly indebted to (7) *me* in the sum of £ (8) *206 0 8 being the amount due from him to me on a final judgment for £150 0 0 obtained by me against him in the King's Bench Division of the High Court of Justice, dated the 13th day of October, 19... the amount of a dishonoured cheque dated the 1st June, 19..., drawn upon the London City and Midland Bank Limited, Ludgate Hill Branch, in the County of London, by the said Edward Robert Smith and made payable to one Alfred Thompson which cheque was indorsed by the said Alfred Thompson to me for value and was duly presented for payment and dishonoured the said Edward Robert Smith having waived notice of dishonour by stopping the said cheque, and £56 0 8 costs taxed and allowed on the said Judgment, making together the said sum of £206 0 8*

3. That *I* do not, nor does any person on *my* behalf

hold any security on the said debtor's estate, or on any part thereof, for the payment

of the said sum, (9) *£206 0 8 except the said cheque*

(9) Or "that I hold security for the payment of (or part of) the said sum [but that I will give up such security for the benefit of the creditors of in the event of his being adjudged Bankrupt]" or "and I estimate the value of such security at the sum of £ ..."

"That I or one of your petitioners hold security for the payment of, &c." "That I another of your petitioners hold security for the payment of, &c."

Seal
of
Court

(10) "Act" or "acts,"
(11) Here set out
separately the nature
and dates or dates of the
act or acts of bankruptcy
relied on.

4. That

the said Edward Robert Smith

within three months before the date of presentation of this petition has committed the following ⁽¹⁰⁾ Act of bankruptcy, namely ⁽¹¹⁾ *that the said Edward Robert Smith failed to comply before the 26th day of November, 19.., with the requirements of a Bankruptcy Notice duly served upon him on the 18th day of November, 19..*

Dated this 27th day of November 19..

(Signed)

• Henry Jones

(12) Signature, address, and description of witness.
(See Rule 146.)

Signed by the Petitioner in my presence.

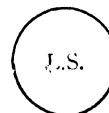
George Sharpless

39 Bucklersbury,

E.C.

Solicitor.

This is the petition referred to in the affidavit
of *Henry Jones*
Sworn before me this 27th day
of November 19..
of *Joseph Wright*



Filed the 29th day of November 19..
and allotted to Mr. Registrar *Green*

NOTE.—If there be more than one petitioner, and they do not sign together, the signature of each must be separately attested, e.g., "Signed by the petitioner, F.F., in my presence." If the petition be signed by a firm, the partner signing should add also his own signature, e.g., "A.S. & Co., by J.S., a partner in the said firm." If the debtor resides at any place other than the place where he carries on business both addresses should be inserted.

SEE INDORSEMENT.

INDORSEMENT.

This petition having been presented to the Court on the *29th* day
of *November* 1911, it is ordered that this petition shall be heard at
the Court sitting in Bankruptcy, Carey Street, Lincoln's Inn, on the *19th* day
of *December* 19*11*, at *12.30* o'clock in
the *after* noon.

And you, the said *Edward Robert Smith*

are to take notice that if you intend to dispute the truth of any of the statements
contained in the petition you must file with the Registrar of this Court a notice showing
the grounds upon which you intend to dispute the same, and send by post a copy of the
notice to the petitioner three days before the date fixed for the hearing.

E. L. GREEN,

Registrar.



In the High Court of
Justice.

In Bankruptcy.

Re
EDWARD ROBERT SMITH

Ex Parte
HENRY JONES.

SEALED COPY

PETITION.

GEORGE SHARPLES,
39 BUCKLESBURY,
E.C.

When the Bank Rate is raised it tends to prevent the outward flow of gold and encourages an inward flow. On the other hand, a reduction of the Bank Rate has an exactly opposite tendency.

BANKRUPTCY COURTS.—The courts having jurisdiction in bankruptcy in England and Wales are the High Court and the County Courts. The High Court has jurisdiction in the London Bankruptcy District, which includes the City of London and its liberties, and all such parts of the metropolis as are within the district of the metropolitan County Courts, e.g., Bloomsbury, Bow, Brompton, etc. If the debtor resides in the London district, or abroad, or if the creditor cannot find out where he lives, the petition must, generally speaking, be presented in the High Court; otherwise it is to be presented in the local county court, unless such court happens to be one which is excluded by the Lord Chancellor from possessing bankruptcy jurisdiction. Proceedings in bankruptcy may be transferred from one court to another. A bankruptcy court may decide all questions deemed to be necessary for the purpose of doing complete justice or making a complete distribution of property. Issues may be tried by a jury if any party to any proceeding so desires. The court has power to commit a defaulting debtor or other person for contempt. It is to be observed that, although the jurisdiction of the county courts is otherwise limited, it is not limited in matters of bankruptcy. A county court judge may state a case for the opinion of the High Court; and, speaking generally, an appeal lies from the county court to the High Court in bankruptcy matters.

BANKRUPTCY NOTICE.—(See ACTS OF BANKRUPTCY)

BANKRUPTCY OF PARTNERS AND JOINT DEBTORS.—Where partners or joint debtors become bankrupt, complications are nearly sure to arise in the administration of the estate. The distribution of partnership property as distinct from the property of individual members of the partnership, and the satisfaction of partnership debts, as distinct from the private or personal debts of each partner, has to be considered.

In the first place, subject to any special agreement between the partners, the bankruptcy of one partner dissolves the partnership—unless it is a limited partnership as defined by the Limited Partnerships Act, 1907. (See LIMITED PARTNERSHIP) Any creditor whose debt is sufficient to enable him to present a petition against a firm, may present it against any one or more of the partners to the exclusion of the others. If a receiving order is made against one member of a firm, any other petition against another member must be filed in or transferred to the same court. The same trustee is generally appointed. A receiving order made against a firm operates as if it were a receiving order against each of the persons who, at the date of the order, was a member of the firm. A statement of affairs must be filed on behalf of the firm, and each partner must submit a statement of his separate affairs. A petition, or any other notice or document requiring attestation in relation to the bankruptcy of a firm must be signed as follows—

Robinson & Co., by John Robinson, a member of the said firm.

The notice or petition may be served on a firm by being served at the firm's principal place of business in England, or on any one of the partners,

or upon any person having at the time of the service the control or management of the business. A petition filed by a firm must contain the names of the individual partners in full, and if it is signed in the firm's name it must be accompanied by the name of the partner who signs it, showing that all the partners concur in the filing of it.

The rules of distribution are shortly as follows: The joint estate is first applicable to the payment of joint debts, and the separate estate to the payment of separate debts. A surplus of the separate estates is applied as part of the joint estate, while a surplus of the joint estate is treated as part of the respective separate estates in proportion to the rights and interests of each partner. Where, however, there is no joint estate and no solvent partner, the joint creditors are treated on an equal footing with separate creditors.

If a member of a firm carries on a separate trade, the firm may prove against his estate, provided the debt arose in the ordinary course of business between trade and trade.

BANKRUPTCY OF TENANT.—Subject to certain restrictions, the landlord of a person who becomes bankrupt is entitled to enforce his claims for rent by distress. In other words, the privileges conferred on a landlord are only partially interfered with by the bankruptcy of his tenant. Thus a landlord may distrain upon the goods of his tenant for rent due at any time, i.e., before or after bankruptcy, subject to this, that if he distrains after the bankruptcy, the distress is only available for six months' rent accrued due prior to the date of the order of adjudication. For the balance, in that case, he proves as an ordinary creditor. He may distrain at any time while the tenant's goods remain on the premises, although the trustee may have taken possession. It frequently happens, however, that by arrangement with the trustee he may forbear to distrain, subject to an undertaking of the trustee to treat the rent due as a first charge. In that case, however, his claim will be entertained after the preferential creditors, e.g., clerks, servants, etc. (see PREFERRED CREDITORS), and those debts are also a first charge on rent distrained for within three months before the date of the receiving order. If the landlord, on threatening to distrain, is paid off, he is entitled to retain the money so paid as against the trustee, although there was, in fact, no distress on the premises. Where the bankruptcy takes place during a current quarter, the landlord may, by virtue of the Apportionment Act, 1870, distrain at the end of the quarter for rent due down to the date of adjudication. An order of discharge does not release a debt for rent, nor does it deprive the landlord of his statutory remedies. (As to the effect of the disclaimer of a lease, see DISCLAIMER OF ONEROUS PROPERTY.)

BANKRUPTCY PETITION (and see PETITIONING CREDITORS).—(a) **Generally.** Bankruptcy proceedings are set on foot by what is called a bankruptcy petition. A bankruptcy petition can only be presented if—

(1) The debt owing by the debtor to the petitioning creditor, or, if two or more creditors join in the petition, the aggregate amount of debts owing to the several petitioning creditors, amounts to fifty pounds; and

(2) The debt is a liquidated sum, payable either immediately or at some future time; and

(3) The act of bankruptcy on which the petition

is grounded has occurred within three months before the presentation of the petition; and

(4) The debtor is domiciled in England, or, within a year before the date of the presentation of the petition, has ordinarily resided or had a dwelling-house or place of business in England.

"Liquidated sum" means a sum certain. Thus a petition could not be founded on a mere claim for damages. A petition cannot be founded on a debt barred by the Statute of Limitations, nor upon a debt founded on an illegal consideration.

The debt must have existed at the time of the act of bankruptcy relied on. In calculating the period of three months (referred to in paragraph (3)), the day on which the petition is presented must be excluded.

(b) **Creditor's Petition.** (1) *Proof of Debt.* A creditor's petition must be verified by an affidavit of the creditor, or of some person on his behalf.

The court requires proof of the debt, of the service of the petition, and of the act of bankruptcy; or, if more than one act of bankruptcy is alleged in the petition, of some one of the alleged acts of bankruptcy. If satisfied with the proof, the court may make a receiving order. (See RECEIVING ORDER.) It must be shown that the debt existed at the date and during the hearing of the petition, and down to the date of the receiving order. For this purpose the debtor may be called as a witness. The court has power to inquire into the consideration for every debt upon which a petition is founded. Thus, a county court judge exercising his bankruptcy jurisdiction can say that a judgment debt founded upon a decision of the Court of Appeal is not good subject-matter for a petition. So, if a judgment obtained by compromise appears to be unfair or unreasonable, the debt may not be treated as a good petitioner's debt. Again, the court has held that a judgment debt obtained by a moneylender was harsh and unconscionable, and has refused to allow it to be made the subject of a petition.

(2) *Dismissal of Creditor's Petition.* If the debt or act of bankruptcy is not proved, or if the court is satisfied by the debtor that he is able to pay his debts, or that for other sufficient cause no order ought to be made, the court may dismiss the petition. The fact that there is only one creditor and that there are no assets is not sufficient cause for dismissing a petition; but where it is impossible that there can be any assets, the court will take this course. The fact that the debtor has executed a deed of assignment for the benefit of his creditors is no ground for dismissing the petition of a dissentient creditor. If a petition is presented for the sole purpose of extorting money, it may be dismissed. In the absence of fraud, however, the mere fact that a creditor has an ulterior motive, however reprehensible, is no ground for dismissing a petition. Thus a creditor whose debt is insufficient, i.e., less than £50, may buy in another debt in order to be able to present a petition.

(3) *Stay of Petition.* If the act of bankruptcy relied on is non-compliance with a bankruptcy notice (see ACTS OF BANKRUPTCY), the court may stay or dismiss the petition on the ground that an appeal is pending from the judgment.

(4) *Trial of Question as to the Debt.* If the debtor appears, and denies that he is indebted, or alleges that he is not indebted to such an amount as would justify a petition against him, the court, on such security being given as the court may require for payment to the petitioner of his debt and costs,

may stay all proceedings thereon until trial of the question relating to the debt. If upon the trial the debtor admits the debt and pays the amount of the debt and costs into court, the petitioning creditor is not bound to accept by taking the money out of court, but may proceed with the petition, upon which a receiving order may be made. Security will generally be limited to the amount of the debt, but may be for a very much greater amount.

(5) *Miscellaneous Points as to Creditor's Petition.* A petition cannot be withdrawn without leave. An action may be brought for maliciously presenting a bankruptcy petition. The court may amend or adjourn a petition on such terms as it thinks fit; and where two or more petitions are presented, may consolidate the proceedings. If a petitioner does not proceed with due diligence on his petition, the court may substitute as petitioner any other creditor to whom the debtor may be indebted in the required amount. On the death of the debtor by or against whom a bankruptcy petition has been presented, the proceedings in the matter, unless the court otherwise orders, are continued as if he were alive. The court may at any time stay the proceedings under a petition, either altogether or for a limited time, on such terms and subject to such conditions as may be just; and where there are more respondents than one, the court may dismiss the petition as to one or more of them, without prejudice to the effect of the petition as against the other or others of them. The petition must be drawn up in the form prescribed by the bankruptcy rules.

(c) *Debtor's Petition.* A debtor may present a petition against himself. In it he alleges that he is unable to pay his debts, and the presentation of the petition is deemed an act of bankruptcy without the previous filing by the debtor of any declaration of inability to pay his debts. A receiving order is made when such a petition is presented. A debtor's petition, like a creditor's petition, cannot, after presentation, be withdrawn without the leave of the court.

(d) *Rules as to Hearing, etc., of Petitions.* A petition (which must be in the prescribed form) may be written or printed, but must not be altered without the leave of the registrar. It must be attested in England by a solicitor, justice of the peace, official receiver, or registrar of the court. Out of England it must be attested by a judge, magistrate, or notary public. It must give the business address of the debtor, and if he has recently changed his address, as "lately of," etc. If presented in the county court, it should be presented in the county court where the debtor carries on business. The petitioning creditor must deposit £5, and such further sum as may be necessary to cover the fees and expenses of the official receiver. He may, however, get back all or some part of the £5 if the assets are sufficient. The petitioning creditor may have to give security for costs to the debtor, as where, for instance, he is resident abroad. The petition must be verified by affidavit made either by the creditor himself, or, if he does not know the facts, by any person who does. A sealed copy must be served upon the debtor by an officer of the court, or by the creditor, or someone employed by him. If personal service cannot be effected, an order for substituted service may be obtained; and where the debtor petitioned against is not in England, the court makes an order as to how the service shall be effected. On a debtor's petition a receiving order is made forthwith, but a creditor's petition is heard

In the High Court of Justice.

IN BANKRUPTCY.

No. 3195 of 19..

Re *Edward Robert Smith*

(1) Here insert "the name of the Creditor."

Ex Parte (1) *Henry Jones*

To *Edward Robert Smith*

of *679 Cheapside in the County of London.*

TAKE NOTICE that within SEVEN days after service of this notice on you,

excluding the day of such service, you must pay to *Henry Jones*

of *99 Pancras Lane in the County of London*

(2) "Him" or "them." the sum of £ 206 0 8 claimed by (2) *him* as being the amount due on a final

judgment obtained by (2) *him* against you in the *High Court of Justice*

dated *12th day of October, 19..* whereon execution has not been stayed, or

(3) "His" or "their." you must secure or compound for the said sum to (3) *his* satisfaction, or the satisfaction of the Court; or you must satisfy the Court that you have a counter-claim,

set-off, or cross-demand against *the said Henry Jones*

which equals or exceeds the sum claimed by (2) *him* and which you could not set

up in the action in which the judgment was obtained.

Dated *18th* day of *November* 19..

By the Court,

E. L. GREEN,

Registrar.



YOU ARE SPECIALLY TO NOTE

That the consequences of not complying with the requisitions of this notice are that you will have committed an act of bankruptcy on which bankruptcy proceedings may be taken against you.

If, however, you have a counter-claim, set-off, or cross-demand which equals or exceeds the amount claimed by *the within named Henry Jones* in respect of the judgment, and which you could not set up in the action in which the said judgment was obtained you must within three days apply to the Court to set aside this notice, by filing with the Registrar an affidavit to the above effect

(1) "Name and address of solicitor suing out the notice" or "This notice is sued out by in person."

(1) *Name and address of Solicitor suing out the Notice.*

George Sharpless,

39 Bucklersbury,

E.C.

eight days after service, unless the debtor has filed a declaration of inability to pay his debts, or is about to abscond.

The registrar appoints the time and place of hearing. If the debtor does not appear, the court may make a receiving order on such proof of the statements in the petition as appears to be sufficient. A mere affidavit verifying the petition is not sufficient. The petitioning creditor must appear, and (if required) submit to cross-examination by the debtor, unless his attendance is dispensed with. If he neglects to appear, he cannot present a petition founded on the same act of bankruptcy without the leave of the court. If the debtor appears and there is a dispute as to the contents of the petition, and it is desired to adduce further evidence, the court may adjourn the hearing. Subject to this, after the expiration of one month from the day appointed for the first hearing of a petition, no further adjournment is allowed merely by consent of the parties. It may, however, be allowed for some other sufficient reason stated in the order of the court.

BANKRUPT, OFFENCES BY.—(See FRAUDULENT DEBTORS)

BANKRUPT, WHO MAY BE MADE (and see ADJUDICATION OF BANKRUPT, DISQUALIFICATION OF BANKRUPT).—While it was formerly the law of England that the privileges of the law of bankruptcy were only open to traders, the Bankruptcy Act, 1883, abolished all distinctions, and this is naturally continued by the Bankruptcy Act, 1914. Subject to what follows, anyone in England and Wales may be made bankrupt.

(1) **Infants.** Speaking generally, an infant, *i.e.*, a person under twenty-one, cannot be made bankrupt, although he is engaged in trade and obtains credit. Nor can a creditor adopt the plan of waiting until his infant debtor becomes of age and then present a petition against him, for the Infants Relief Act, 1874, provides that contracts entered into by an infant for the repayment of money lent or to be lent, or for goods supplied or to be supplied (other than contracts for necessaries) and all accounts stated with infants, are void. A petition, therefore, cannot be founded on a debt incurred during minority, unless it was incurred in respect of necessaries. Even if an infant is a member of a firm, he is not liable to bankruptcy proceedings in respect of a debt contracted by the firm. The only exception to the rule that an infant cannot be made bankrupt is that he may possibly be made bankrupt in respect of a judgment debt for necessaries. This point has never been decided, and may or may not be true. The word "necessaries" in this connection does not include only articles necessary to support life. It extends to articles fit to maintain the particular person in the state, degree, and station of life in which he is.

(2) **Married Women.** While a married woman could not, as a general rule, be made bankrupt, because she was incapable of contracting as a *feme sole*, there were certain exceptions to the rule. A woman who was a sole trader within the City of London, or whose husband was a convict, might be made bankrupt. After the passing of the Married Woman's Property Act, 1882, a married woman who was carrying on a trade separately from her husband was, in respect of her separate property, subject to the bankruptcy laws in the same way as if she were a *feme sole*. Now, under the Bankruptcy Act, 1914, "every married woman who carries on a trade or business whether separately

from her husband or not shall be subject to the bankruptcy laws as if she were a *feme sole*," and the court may in such a case even attach the whole or a part of her private income, in spite of any restraint on anticipation (*q.v.*). Moreover, a final judgment obtained against her is available as a ground upon which to issue a bankruptcy notice against her. It must not be overlooked that unless a married woman is actually engaged in trade she cannot be made bankrupt. And although, since the passing of the Married Women's Property Act, 1882, a woman can contract with her husband just the same as with any other person, in bankruptcy he cannot, if he is a creditor, compete for a dividend with other creditors for value.

(3) **Lunatics.** It is doubtful whether a lunatic can be made bankrupt. He certainly cannot be so adjudicated under the direction of his committee acting with the consent of the Court in Lunacy; nor can he commit any act of bankruptcy which involves intent, except during a lucid interval.

(4) **Peers and Members of Parliament.** Members of the House of Lords and of the House of Commons may be made bankrupt.

(5) **Convicted Felons.** A convicted felon may be made bankrupt on an act of bankruptcy committed by him after his conviction, and as he may pay a debt claimed by summons issued and served after his conviction, he may be made bankrupt by a bankruptcy notice (see ACTS OF BANKRUPTCY) served on him in respect of the summons.

(6) **Foreigners.** The bankruptcy law can only be set in motion against a debtor who is properly subject to the laws of England. It has accordingly been held that a receiving order (see RECEIVING ORDER) cannot be made against a foreigner resident abroad, who, without coming into the jurisdiction, has in this country had a place of business, contracted debts, and acquired assets, and has executed abroad an assignment of his property for the benefit of his creditors generally. Moreover, a creditor may not present a bankruptcy petition against a debtor unless the debtor is domiciled in England, or even a year before the presentation of the petition has ordinarily resided or had a dwelling-house or place of business in England. For instance, a Frenchman who took a flat in London for three months was held to have a dwelling-house in England, and was made subject to the law of bankruptcy.

(7) **Corporations and Registered Companies.** A receiving order cannot be made against any corporation or against any partnership or association, or a company registered under the Companies Acts.

BANK STOCK.—The stock or capital of the Bank of England

The Bank was established in 1694 with a capital of £1,200,000, and by the year 1816 it had been increased to £14,553,000, at which figure it still stands. Any amount of bank stock may be purchased, provided that it does not involve the fraction of a penny.

BAOBAB.—A magnificent tree, native to West Africa, but now acclimatised in the East and West Indies and in South America. The trunk is often 20 ft. thick. Its fibrous bark is used in tropical countries for medicinal purposes, especially in cases of fever. It is imported into this country for the manufacture of paper and rope. The leaves yield a powder which is used by the natives of West Africa as a condiment. The baobab is also known as the Monkey-bread tree and as the Sour Gourd.

BARBADOS (BRITISH).—This is the most easterly island of the West Indies, and is about 250 miles north-east of Venezuela. It is said to be the most densely populated island in the world, nine-tenths of the people being negroes. The total area is 166 square miles, and the population about 200,000, or 1,200 to the square mile.

The surface is irregular, but the soil is very productive, though not particularly adapted for fruit-growing. The forests have been cut away, so that all the available land may be devoted to one staple crop, viz., sugar, and the planters are quite prosperous. Most of the sugar is exported to the United States and Great Britain. In recent years the growth of cotton has been fostered, and it is probable that its cultivation will increase.

Bridgetown, the seat of government, with a population of 30,000, is a very important commercial port. It is a station of the West India and Panama Telegraph Company, the headquarters of steamship lines to Europe and to the United States, and a port of call for merchant ships in general.

Mails are dispatched from Great Britain twice a month, and take twelve days in transit. (For map, see WEST INDIES.)

BARBED WIRE.—This means any wire which has spikes or jagged projections. It is an offence, since the passing of the Barbed Wire Act, 1893, for any person to erect such a fence which may be dangerous or hurtful to any persons or animals lawfully using the highway. The local authority may call upon the owner or occupier to abate the nuisance; and upon his failure to do so, the fence may be destroyed and the expenses incurred in carrying out the same recovered from the owner or occupier by summary procedure. If it is the local authority which is the delinquent, a similar method may be adopted on the initiative of any ratepayer.

Barbed wire was used very extensively during the Great War, 1914-18, in defensive work and also for forming enclosures in which prisoners of war were detained.

BAREGES.—Thin, gauze-like, dress fabrics. The best kinds are made of a mixture of silk and worsted, while cotton replaces silk in the inferior qualities. The name is derived from the town of Barèges, in the Pyrenees, in the vicinity of which the article was originally manufactured.

BARGAIN.—The word, which is derived from the French *barguigner* ("to haggle"), is used in the following senses—

(1) A contract or agreement concerning the sale of anything.

(2) Any agreement or stipulation.

(3) A purchase made upon favourable terms.

BARGAIN AND SALE.—This is a contract in English law, whereby property, either real or personal, is transferred from one person to another for a valuable consideration. The word "assignment" is, however, commonly used for the transfer of personal property; consequently, bargain and sale may be described as a contract whereby real estate, that is, lands or tenements, whether in possession or in remainder, are conveyed from one person to another for a consideration.

BAR GOLD.—Much of the Bank of England's stock of gold is not in the form of coins, but of bars, which, from an exporter's point of view, are often preferable, one reason being that the quantity lost by friction in transit is less in the case of bars than of coin. The Bank is bound to pay in sovereigns any amount of its notes that may be

tendered, but if a bullion merchant prefers to take bars, the Bank raises no objection, and usually charges the Mint price of gold, i.e., £3 17s 10½d. per oz. Should, however, the demand become sufficiently keen, the Bank may raise the price of bars (not raise the price of sovereigns, which it cannot do) to £3 17s 11d. per oz., but it would not be worth while to increase it above this figure, for then an exporter would find it cheaper for his purpose to get sovereigns to be sent abroad, to fill the place of which the Bank would be reduced to having some of its bars minted.

Anyone has the right to take bar gold to the Mint, provided that the value is not less than £20,000, and to have it coined at the rate of £3 17s. 10½d. per oz. of standard gold, free of all expense of coming but as a certain period must elapse before the bullion is turned into coins, during which time the owner of the gold would have lost interest upon it, it is the practice to sell gold bullion to the Bank of England. The price at which the Bank of England must buy all gold that is offered to it is £3 17s. 9d. per oz. By the Bank Charter Act, 1844, Section 4, "all persons shall be entitled to demand from the Issue Department of the Bank of England, Bank of England notes in exchange for gold bullion at the rate of £3 17s. 9d. per oz. of standard gold: Provided always, that the said Governor and Company shall in all cases be entitled to require such gold bullion to be melted and assayed by persons approved by the said Governor and Company at the expense of the parties tendering such gold bullion." The notes can, of course, be at once exchanged for sovereigns. The difference of 1½d. per oz. between the buying and the selling prices forms the Bank's profit, or rather its remuneration for the trouble of getting the bullion minted if required, and for the loss of interest upon the bullion before it is turned into coins.

Bar gold is a kind of international currency travelling about from one nation to another in settlement of exchange balances, without ever being minted into any country's coinage. (See MINT PRICE.)

BARILLA.—The Spanish name for the ash obtained by burning certain marine plants cultivated on the coasts of Spain, France, and Italy. That prepared in Brittany is known as "varec." Barilla was formerly the chief source of carbonate of sodium, and was largely used in the manufacture of glass and soap. Carbonate of soda is now made chiefly from common salt, and the importance of barilla has consequently declined.

BARIUM.—The metallic element in heavy spar (sulphate of baryta) and baryta. It was discovered by Sir Humphrey Davy in 1808. It is one of the so-called alkaline earths to which strontium, calcium, and magnesium also belong. As yet it has only been obtained as a powder, which is yellowish in colour. Its principal use is in the preparation of oxygen, but it is also of value in the arts for adulterating white paints. The carbonate of barium is employed as a pigment and in the manufacture of certain kinds of glass. Other barium compounds are useful in pyrotechny for the production of green fire.

BARK.—The outer coating or rind of trees. There are great varieties of barks. Some contain tannic acid, and are, therefore, valuable in the preparation of leather. Cork is obtained from the bark of a kind of oak, while hemp, flax, jute, and

other vegetable fibres are the products of the fibrous inner bark of their respective plants. India-rubber is also derived from a bark, and a large number of gums, oils, balsams, etc., yielding in many cases valuable drugs, are obtained from the same source.

BARLEY.—A hardy and edible cereal, of which there are many varieties. Its cultivation is more widely spread than that of any other grain crop. Large quantities are raised in the United Kingdom, especially in the Highlands of Scotland and on the lighter arable lands of Norfolk and Suffolk. There are also considerable imports from Denmark, Siberia, the United States, Canada, and Mexico. Pearl barley is the name given to the husked and rounded grain used in thickening soups. Though formerly employed for making bread, barley is now chiefly in demand for the manufacture of malt liquors and spirits.

BARRATRY.—"Barratry of master and mariners" is one of the perils insured against in our common printed forms of marine insurance policy. The word "barratry" is derived from the Italian *barrattare*, to cheat. Any illegal, fraudulent, or knavish conduct of the master or mariners of a ship by which the freighters or owners are injured is, by our law, barratry. In order to constitute barratry, the act must generally be done fraudulently, and with a criminal intent, and it is not sufficient that it is merely against the interest of the owner. Barratry, then, in English law may be said to comprehend not only every species of fraud and knavery covinously committed by the master with the intention of benching himself at the expense of his owners, but every wilful act on his part of known illegality, gross malversation, or criminal negligence, by whatever motive induced, whereby the owners or the charterers of the ship (in cases where the latter are considered owners *pro tempore*) are, in fact, damaged. And it is now declared by Rule 11 of Schedule I, of the Marine Insurance Act, 1906, that the term "includes every wrongful act wilfully committed by the master or crew to the prejudice of the owner, or, as the case may be, the charterer." Misconduct due to gross ignorance, or mistake as to the meaning of instructions, or misapprehension as to the way of carrying them out, is not barratry. It is also essential that the shipowner should not assent to the barratrous act, or by his negligence fail to prevent it. The act need not be intended to be against the interest of the shipowner, or for the benefit of the person committing it, it is enough if it is illegal and brings loss upon the shipowner. French law makes barratry include the mere fault or negligence of the master or crew, that of other countries, like our own, restricts it to wilful and criminal misconduct. The following are instances of barratry by masters of ships: If goods are lost or damaged by the master wilfully running the ship on rocks, or attempting to scuttle her; or through a fraudulent delay, or deviation upon the voyage, for the master's private purposes; or by the ship and cargo being fraudulently sold by the master, the exception in a contract of sea carriage relieves the shipowner from responsibility for such losses. So, again, if the goods become confiscated owing to the master using the ship for purposes of smuggling, or trading with an enemy, or running a blockade. A deviation through ignorance of the master is not barratrous; nor is negligent navigation, in contravention of the rules of navigation, if there has

been no improper motive; nor is a jettison made by the master, under an unfounded fear, without apparent or reasonable necessity. It is essential that the act shall have been either fraudulent, or done knowingly in breach of law. Shipowners are liable to the cargo owner for barratry of their servants, which results in damage to cargo, unless they are expressly exempted by their contract.

In addition to its maritime use, the term "barratry" is also applied to the offence of exciting and stirring up quarrels between the subjects of the King, either at law or otherwise. It is punishable with fine or imprisonment. It must be distinguished, on the one hand, from "maintenance," which is the officious intermeddling in lawsuits which do not concern the party, by lending pecuniary or other assistance for the carrying on of the same (unless it is a case in which close relationship exists between the parties, or unless it is done for the sake of charity), and, on the other hand, from "champerty," which is an illegal bargain made between one of the parties to a suit and a third party, whereby it is agreed that the latter shall share in the proceeds of the suit if successful, in consideration of affording financial support for contesting the same. Each of these offences, like barratry, is a misdemeanour, and punishable as such.

BARREL.—This is the name given to a peculiar kind of wooden vessel in which liquids are stored, but it also signifies a certain measure of capacity. This measure varies greatly in different countries of Europe and America, and the variation depends not only upon the locality, but also upon the nature of the liquid. In the old English measures a barrel contained 31½ gallons of wine, 32 of ale, and 36 of beer. The French standard barrel, the *barrique* or cask of Bordeaux, contains 50 English gallons, and the Italian *barile* varies from 7 to 31 English gallons. In many cases, also, solids are sold by the barrel. Thus, a barrel of butter contains 224 lbs. In America, the barrel expresses a certain weight of an article—the barrel of flour contains 196 lbs., the barrel of beef 200 lbs., and the barrel of soap 256 lbs.

BARRISTER.—A member of the Bar. In order to become a barrister, a candidate must be a male over the age of twenty-one; it is probable that females may soon be admitted, and must conform to all the rules and regulations of the Inns of Court. There are four Inns—the Inner Temple, the Middle Temple, Lincoln's Inn, and Gray's Inn—and from the Under Treasurer of any one of these societies full particulars may be obtained of the methods to be adopted in order that admission may be obtained into what is called the higher branch of the legal profession, the solicitor's profession being known as the lower branch.

After being proposed, a candidate must pay all the necessary fees, pass the requisite examinations, and eat the prescribed number of dinners in hall for a period of three years, or twelve terms in all, unless, for some special reason, the number of terms is reduced. There are four terms in each year. A difference is made in this last-named requisite, according as the candidate is or is not a university man—three dinners a term being necessary in the former case, six in the latter. At the end of his studentship days the candidate is "called," and he is thenceforth entitled to appear as an advocate, if properly retained for that purpose, in any of the courts of law of England and Wales.

The question of calling is entirely in the hands of the benchers, who constitute the ruling body of the Inn, and although there is a right of appeal from the decision of the benchers to the judges, it is practically useless to hope for success in any such appeal. A barrister may also be disbarred or suspended for misconduct, subject to a similar right of appeal, but otherwise he cannot divest himself of his status without the express permission of the benchers.

A barrister may appear in any court, and no one but a barrister may appear on behalf of a litigant in the High Court or at assizes, except in certain bankruptcy appeals. At quarter sessions this rule may be relaxed if the regular attendance of members of the Bar is very small. Then solicitors are entitled to practise. In county courts and police courts, solicitors may plead as well as barristers. As to joining a circuit, see the article *CIRCUIT*. Whenever he appears in court, a barrister must wear a wig, gown, and bands. This does not apply to courts of summary jurisdiction, *i.e.*, the ordinary police courts, nor to coroners' courts, in which no special costume is required.

In pleading, a barrister must rely entirely upon the instructions contained in the brief delivered to him by the solicitor who retains him. He is not, strictly speaking, supposed to act upon any extraneous knowledge of facts which he may possess; and when he has once been retained in a case, he is entitled to be briefed, by the etiquette of the profession, in all proceedings connected with the same; but no barrister of any standing would think of claiming this right if the solicitor instructing him or the lay client, *i.e.*, the litigant himself, was dissatisfied with his conduct of a case and desired to engage some other counsel. It is always considered a point of honour to resign the claim which is accorded him by professional etiquette, and to hand over his brief to the barrister whom it is desired to employ in his place, a proper explanation of the cause of the change being given to the new counsel.

Although the rule is not strictly enforced, or rather applied, when advice only is sought, and there is no contentious matter connected with a case, it is the general practice for a solicitor to accompany a client to any consultation that takes place at a barrister's chambers. Except on circuit, when some place is specially chosen for a conference, a barrister is not supposed to meet his client, solicitor or lay, elsewhere than at his own chambers. It is, for instance, a gross breach of etiquette for a barrister to call upon a solicitor in a professional capacity.

The fees which a barrister is entitled to charge depend upon the whim of his clients and upon his own position. What may be allowed by the taxing master of the court is another matter. In the High Court this will depend upon the nature and the magnitude of the case. In the county courts there is a fixed scale, which is dependent, generally speaking, upon the amount of the claim, and cannot be exceeded except by order of the judge. The fees are calculated in guineas, but there is always added to the actual fee a certain payment for the barrister's clerk, which varies according to the fee marked on the brief. Thus, to any fee up to four guineas, 2s. 6d. is added; from five to nine guineas, 5s.; from ten to nineteen guineas, 10s.; and so on according to a fixed scale. For a fee of fifty guineas or upwards the clerk's fee is calculated at the rate

of 2½ per cent. When a conference takes place, and the fee is one guinea for the barrister, the allowance to the clerk is 5s. When there is a consultation between a King's counsel and a junior barrister, the former's clerk is entitled to 5s. and the latter's to 2s. 6d. A King's counsel is supposed to charge a minimum fee of two guineas for any consultation, and this means that the real sum paid is £2 7s. A junior barrister's minimum fee is one guinea. As is well known, a King's counsel is generally unable, by the etiquette of the profession, to appear in court unless accompanied by a junior. There are exceptions to this rule, but they need not be referred to here. A barrister cannot sue for his fees, at least as far as litigious work is concerned, even though he is able to prove that the solicitor who has retained him has actually been paid the same; it is, of course, to the solicitor that the barrister must always look for his fees. But in certain cases and under special circumstances a solicitor who fails to pay over the fees which he has actually received may be compelled to appear before the Law Society, and if the case is a flagrant one, that body will inquire into the matter and make a report to the High Court. This may lead to the suspension of the solicitor, or, in an extreme case, to his being struck off the rolls. It is not quite clear to what extent a barrister may claim remuneration for work which is non-litigious, and yet is of such a character as to require professional knowledge and skill. Conveyancers and special pleaders may sue for their fees.

For the information of any prospective litigant, it may be added, under this question of fees, that a junior is generally entitled to a fee which is two-thirds of that marked on the brief of the King's counsel engaged in the case. Many solicitors are now strongly opposed to this rule, and the fee of the junior has been largely reduced in recent years. Any barrister who appears on any circuit other than that of which he is a member, whether at assizes or quarter sessions, must receive a special fee, and there must be briefed with him some member of the circuit. This, of course, never applies to the High Court in London. In the Chancery Division of the High Court certain eminent leaders, *i.e.*, King's counsel, "go special," which means that they charge, in addition to the fee marked on the brief, an extra fee of fifty guineas for any case in which they are engaged.

A barrister is privileged from arrest on his way to and from a court of law. He is practically unfettered in the conduct of the case, and he may compromise the same, except against the express instructions of his client. Unless he has been grossly deceived by his client, he is not entitled to throw up his brief. As his services are supposed to be entirely honorary, he is not liable to be sued for negligence, however wrong he may be in his law or in his conduct of a case. His speeches in court are absolutely privileged, though a question has recently arisen as to his position if he makes use of unduly inflammatory language, or if he addresses a jury in such a manner as to make charges which he cannot substantiate by the evidence which is in his possession. A gross abuse of his privileges might lead the Court of Appeal to grant a new trial of the action, if it was asked to do so.

In the interests of clients, the opinions and advice of a barrister, as well as the instructions given to him, are privileged from inspection at all times.

BARTER.—When an exchange takes place without the intervention of a third commodity, money, the transaction is one of *barter*. If a boy trades in stamps; if a gardener exchanges bulbs with a brother gardener; if a football club parts with a speedy forward for a robust full-back—we have an immediate exchange or barter of goods for goods. *The acts of buying and selling are comprised in a single operation.* So when a wanderer cuts up a pile of wood in return for a meal, we have the barter of services for goods. It is the disposition to truck or barter that distinguishes man from other animals, and which permits men to render mutual services. Barter was the primitive method of trade, and still exists over large tracts of the globe. It suffices for the needs of communities where there is little division of labour and acts of exchange are few and seldom. But it is quite inapplicable to a developed stage where each man is a merchant who continuously exchanges his services or products to obtain things he needs. The derivation of the word implies cheating, and at times still the word is used in a derogatory sense, "bartering his venial wit for sums of gold." Even in barter transactions, each party must gain in utility: each exchanges that which he wants less for that which he wants more; but the disadvantages are obvious. It implies not competition but isolated bargaining, in which superior shrewdness or knowledge, ability to wait, and numerous other circumstances may deprive one party of his due share of the added utility which arises from the exchange. To barter we have a difficult task to find someone (1) who wants what we have to give; (2) who is disposed to give what we want; (3) who values our article more than his own. The lucky coincidence of the three conditions must be rare. As soon as the knot which binds the acts of buying and selling is cut by the introduction of the third commodity, which is potentially anything else, the difficulty vanishes.

BASE COINS.—These are coins which for some reason or other are not of the standard required by law, being diminished in weight otherwise than by reasonable wearing, or being counterfeit. A person to whom such a coin is tendered is justified in cutting, breaking, bending, or detaching it so that it can no longer be circulated, and the person tendering the same must bear the loss, thereof.

Base gold coins are very uncommon, but base silver coins are very frequently met with, and in some cases they are rather difficult at first sight to distinguish from genuine ones. Various tests are applied to a suspected "silver" coin. If it is a base one, it will be easily cut, or bent, or broken, and its general appearance to the eye of an expert will call attention to its real nature. On close examination it will usually be found that the raised letters or figures are not so sharply defined as on a real coin. An examination of the milling will reveal a roughness and irregularity, which is often particularly noticeable at a spot on the edge representing the place where the metal was poured into the mould. Its weight and size may be tested with a good coin, and also its sound when thrown upon the counter. The sound by itself, however, is not sufficient, as a good coin which is cracked will not give the true ring. If caustic marks the coin black, it reveals its baseness, but that test may be defeated if the surface is a thin coat of silver. A pocket lens is useful in the examination of a doubtful coin, as it makes

the roughness of a counterfeit coin more noticeable. Those officers who are much in contact with silver profess to be able to tell a false from a genuine coin by the touch, the false one having a "greasy" kind of feeling.

BAST.—The fibrous inner bark of lime and other trees. The name is often applied to the matting made from the bark. Bast and bast mats are almost exclusively exported from Russia, the chief port being Archangel. The uses of bast are numerous. The shoes of Russian peasants, ropes of various sorts, and (in the South of Europe) certain kinds of hats are made of it. It also serves as a packing for furniture and as a covering for tender plants. There is another kind of bast, obtained chiefly from a sort of mallow tree in Cuba. It is used for tying up bundles of Havana cigars. Flax, hemp, jute, and other vegetable fibres are the products of the bast of their respective plants.

BASTARD.—This signifies a person who is born out of wedlock, and the English common law is particularly stringent as to such an unfortunate individual, because there are no means by which the bar can be removed, and consequently there is no right of succession in case of intestacy. Under many systems of law legitimation is allowed if the parents intermarry after the birth of the child, *legitimo per subsequens matrimonium*, and this is so in Scotland, the Isle of Man, Jersey, Guernsey, and many of the British possessions, but the English law has up to the present been decidedly opposed to it. It is impossible for any child not born in lawful wedlock to succeed to real property, no matter where born. As regards personal property the rule is not so strict. If, therefore, a child is legitimated in the country of its domicile (*q.v.*), it has the same rights of intestate succession in England as a child born in wedlock. When there is any doubt as to the legitimacy of an individual, a suit may be brought as to the matter in the Probate Division of the High Court under the provisions of the Legitimacy Declaration Act, 1858. A bastard is considered to be *filius nullius*, that is, to have no father, and although when he has arrived at years of discretion he may assume any name he chooses, the person who registers the birth cannot do so in the putative father's name unless the father actually consents to this course being taken. In practice, it is the mother's surname which is generally adopted.

BASUTOLAND.—This is a native province of British South Africa, situated north-west of Cape Colony. It lies between Natal, the Orange River Colony, and Cape Colony. The territory is administered by a resident Commissioner, under the High Commissioner for South Africa. The area is nearly 12,000 square miles, and the population about 400,000, of whom fewer than 1,000 are Europeans. The country includes the finest grain-producing land in South Africa. The chief products are wool, wheat, mealies, and Kaffir corn. Gold and other minerals are believed to exist. Europeans and Americans are not allowed to settle in the country without special permission.

Maseru, the so-called capital, is a mere kraal. Its population of about 1,300 includes 200 whites.

There are a few roads which are good enough for any kind of transport. The line of postal communication is through Cape Colony and the Orange River Colony. There are telegraph stations at the various magistracies.

Maseru is 7,668 miles distant from London.

Postal communication is *via* South Africa once a week, the time of transit being about twenty days. (For map, see SOUTH AFRICA.)

BATH BRICK.—A friable yellow brick made from the siliceous silt found in the river Parret, near Bridgwater, in Somerset. The bricks weigh, on an average, about 3 lbs., and are mainly used for scouring, cleaning, and polishing metallic vessels and knives.

BATH STONE.—A creamy-coloured limestone found in large quantities in Wiltshire and Somerset, especially in the neighbourhood of Bath. It is composed of 94½ per cent. of carbonate of lime and 2½ per cent. of carbonate of magnesium. It contains no silica. The stone, being easily quarried and of attractive appearance, is much used for building purposes. It hardens on exposure to the air, but its durability is not great.

BATISTE.—The name given to a commercial article which is composed of a fine texture of linen and cotton. Batiste is the usual French name for cambric.

BATTENS.—A word derived from the French *bâton*, a stick. Battens consist of sawn fir timber of varying lengths and thicknesses. They are usually 12 to 14 ft. long, 7 in. broad, and 2½ in. thick. The best battens are imported from Norway. They are used for flooring, for roofing below slates, for fastening down the hatches in ships, etc. They are also placed upright on walls preparatory to laths being fixed for plastering.

BATTERY.—(See ASSAULT.)

BAYBERRY.—A species of myrtle tree (See BAY RUM.)

BAY LEAVES.—The long, pointed, aromatic leaves of the sweet bay or laurel tree (*Laurus nobilis*). They are used for flavouring certain culinary preparations, but great care is required in their use, owing to the presence of prussic acid.

BAY RUM.—An aromatic stimulant usually obtained by distilling the leaves of the bayberry with rum. It may also be prepared by mixing the volatile oil of the leaves, or various other oils, with alcohol. It is made chiefly in the West Indies, and is sometimes employed as a liniment in cases of rheumatism. Its main use, however, is for toilet purposes.

BAZAAR.—This word is of Persian origin, and signifies literally the sale or exchange of goods. Amongst the Turks and the Persians it is applied to a market-place, either open or covered, where goods are exposed for sale, and where merchants meet for the transaction of business. In the West, the name is used almost exclusively to denote a sale of goods, generally contributed gratuitously, for the benefit of some religious, charitable, or philanthropic institution.

BDELLIUM.—A gum-resinous, myrrh-like exudation of various origin. The small quantity imported into Great Britain comes from India and West Africa. The African variety is translucent with a dull fracture, while the Indian bdellium is opaque. It has a bitter taste, and was once much employed medicinally as a stimulant. Its main use now is as an ingredient in plasters.

BEADS.—Small pierced balls used as personal ornaments. They are usually strung together and worn as necklaces, bracelets, etc., or are worked on cloth or some other substance as a kind of embroidery. Beads are of very ancient origin, specimens having been found in Egyptian tombs. They are made of various materials, such as glass,

ivory, porcelain, jet, coral, amber, etc. In Great Britain, Birmingham is the centre of the industry, but there are large importations from various continental countries, particularly from Italy, Venice being the principal seat of the manufacture of fancy glass beads noted for their beauty and variety. Paris does a considerable trade in imitation gems. Beads are still the medium of exchange with many African tribes.

BEAMS.—Long, straight pieces of wood or iron made for the purpose of resisting lateral pressure or carrying weight. Iron beams are generally known as girders. The name has many technical applications in the arts.

BEAM TREE.—A tree with a straight, erect trunk, varying in height from 20 to 40 ft. It is commonly met with in Europe and in Asia, and is mainly noted for its wood, which is yellowish-white in colour, close-grained, hard, easily stained, and capable of a high polish. It is useful in turnery, and is employed for making the handles of knives and forks, wooden spoons, certain parts of musical instruments, and the cogs of wheels in machinery.

BEAR.—(See BILLS AND BEARS.)

BEARER (BILL OR CHEQUE).—In the Bills of Exchange Act, 1882, a bearer is defined as the person in possession of a bill or note which is payable to bearer.

"A bill is payable to bearer which is expressed to be so payable, or on which the only or last indorsement is an indorsement in blank. Where the payee is a fictitious or non-existing person, the bill may be treated as payable to bearer."

(See FICTITIOUS PAYEE, INDORSEMENT.) In dealing with bearer bills, the term "bill" includes a cheque.

A bill or a cheque made payable to bearer requires no indorsement, and unless the transferor of such a bill or cheque does indorse it, he is in no way liable upon the instrument if it is dishonoured, nor upon the consideration for which he transferred it, unless, (1) the bill or cheque was given in respect of an antecedent debt, or (2) it appears that the transfer was not intended to operate in full and complete discharge of his liability. Thus, suppose A draws a cheque in favour of B or order. B indorses it in blank and transfers it for value to C. The cheque is now payable to bearer, and needs no indorsement by C. C transfers it for value to D. The cheque is dishonoured. D can sue either A or B, but he cannot sue C upon the cheque at all, nor upon the consideration for which the cheque was transferred unless it falls into one or other of the exceptions above noted. It is for this reason that a transferee of a bill or cheque should always insist upon the transferor's indorsing it, so that he may have an additional remedy in case the document is not paid at maturity or upon presentation, as the case may be. This caution is all the more necessary seeing the large number of transfers that take place in the case of negotiable instruments.

As is well known, bankers issue books of cheques, sometimes payable to bearer and sometimes payable to order. The word "bearer" can always be struck out and the word "order" substituted, though the addition of this latter word is not compulsory—the striking out of the word "bearer" makes it an order cheque. This requires no initialing by the drawer, as he is quite entitled to make the substitution for greater security, but if the change is from "order" to "bearer," the drawer must initial it. In a similar manner, a bill or a cheque

which is indorsed in blank may be changed to a special indorsement by the holder. (See **INDORSEMENT**.)

By statute, a banker is not liable for paying an **unindorsed** cheque drawn upon himself over the counter of his bank, if he acts *bond fide* and without negligence, and in the ordinary course of business, whether the cheque is made payable to bearer or to order, provided that in the latter case there is an indorsement which purports to be that of the payee. The banker is only responsible for the genuineness of the signature of the drawer. The bearer cheque, of course, needs no indorsement, but if such a cheque is made payable, say, to "The British Bank, Ltd., or bearer," it might conceivably be held to be negligence on the part of the paying banker if he paid the cheque to a stranger, since it is well known that banks are not in the habit of sending strangers to cash cheques.

It is sometimes asserted that a cheque made payable to "Wages or order," "Rent," or something similar, is a cheque payable to bearer, as being drawn in favour of an impersonal payee. In practice, however, it is usual to treat such a cheque as payable to order, and to require the indorsement of the drawer. (See **FICTITIOUS PAYER**.)

In Scotland, it is customary for a banker to request the person presenting a bearer cheque to indorse it. (See **ORDER**.)

BEARER BONDS.—As its name signifies, a bearer bond is one that is payable to the actual holder of the same, and all rights under it pass from the holder to the transferee by mere delivery, so long, of course, as the transferee takes the bond in good faith and for value, and without notice of any defect in the title of the transferor. It is thus distinguished from a bond which is registered in the name of the holder, who alone can give a perfect title to the same. Bearer bonds belong to the class of documents known as negotiable instruments (*q.v.*). Consequently, if the holder of the bond has actually stolen it, or come by it in any dishonest fashion, the legality of his transfer of it to another person, does not affect the latter's title, provided the latter takes it in good faith. At one time the English courts refused to recognise bearer bonds as negotiable instruments, except those which were issued in a foreign country, and which were accepted as negotiable by merchants in England. This principle, however, is now changed, and quite recently debentures to bearer in an English company have been recognised as negotiable instruments. As it was said in the leading case of *Edelstein v. Schuler*, 1902, 2 K.B. 144: "The time has passed when the negotiability of bearer bonds, whether Government bonds or trading bonds, foreign or English, can be called in question." •

A series of coupons is attached to the bond, or sometimes there is a separate sheet of coupons. Each of these coupons is dated, if the interest is payable at regular periods, and forms a warrant upon the production of which the holder is entitled to be paid the interest represented by the coupon. Some coupons are not dated, but the interest is payable according to advertisement. A coupon sheet should never be detached from the bond. Securities to bearer, without the current coupon, are not a good delivery on the Stock Exchange. The holder of bearer bonds should never write his name upon them, as it might cause them to form a bad delivery. (See further, **BEARER SECURITIES**.)

BEARER SCRIP.—This is the name given to a

document issued by a Government or a company, when new capital is issued. The document is effective until such time as all the instalments have been paid up and a definitive bond is prepared. The bearer scrip, just like a bearer bond, is a negotiable instrument (*q.v.*), and a good title is made by mere delivery. (See **BEARER BONDS**, **BEARER SECURITIES**.)

BEARER SECURITIES.—Stock Exchange securities exist in the form of either registered stock or shares, or of bearer bonds or share warrants to bearer, the distinction being that the proprietor is in the one case registered by name as the holder of the security, the certificate he holds being made out in his name, whereas in the case of bearer securities the certificate, instead of being made out in the name of the proprietor, certifies that the *bearer* is the holder of so much debenture stock, shares, or whatever the security may be. Registered stock is more or less peculiar to the United Kingdom and one or two of the Colonies, the rest of the world, as a general rule, preferring to have its Stock Exchange securities in the shape of bearer certificates. In the case of registered stock or shares, interest or dividend payments are made direct to the registered proprietor by means of a cheque; in the case of bearer securities, however, this method is obviously impracticable, as the company or bank entrusted with the payment of the interest or dividend cannot possibly be acquainted with the names and addresses of the holders for the time being of securities of this nature, the ownership of which can change by the mere passing from hand to hand of a document. In the case of registered stock or shares, a change of ownership only becomes effective after a deed of transfer, executed in the manner described under the heading of **TRANSFER OF SHARES**, has been lodged with the company or registration officer for entry in the books. To provide for the payment of interest or dividends on bearer securities, these have attached to them a sheet of coupons, and when the interest or dividend is payable, the proprietor or banker with whom they are deposited, cuts off the particular coupon then due (the various coupons have numbers, each number being due on a certain date), and presents it to the paying bank. A larger coupon, technically known as a "talon," is generally added to a bearer security, so that when the sheet of coupons attached is exhausted, an additional sheet, consisting of a fresh supply of coupons, may be handed over in exchange for this talon. Each bearer security has a distinctive number for purposes of identification, which number is printed also on each coupon and talon attached thereto, and the corresponding fresh sheet of coupons issued subsequently in exchange for the talon also bears the same distinctive number.

A small number of English companies issue bearer warrants without coupons, the dividends being paid on presentation at the company's office of the warrants themselves, which are stamped to the effect that dividend No. — has been paid thereon. This is a very cumbersome procedure, and not generally adopted.

There is an increasing tendency in the United Kingdom to adopt the form of bearer securities, or at any rate to give investors the option of having them. Bearer securities have both their advantages and their disadvantages. To take the latter first, the loss of a bearer certificate can be as serious as the loss of a bank note, for being transferable by mere delivery, it is impossible to "stop" transfer by

notifying the company or issuing bank of the loss. Then again, whilst the registered holder of a stock receives his interest or dividends direct without any effort on his part, the holder of a bearer security must arrange for the coupons to be detached and presented to the paying office on the due dates. The registered proprietor of shares also receives direct from the company the annual reports and any communications of interest to him as proprietor, whilst the holder of bearer shares must depend upon reports and advertisements in the press, unless he writes specially to the company for such documents.

So far as the trouble of detaching coupons on the due dates is concerned, this is more fanciful than real, for in practice it is the custom to lodge bearer securities with one's bank for safe custody, which institution automatically cuts off and presents the coupons on the due dates. In the case of shares of a company not paying dividends regularly, however, this is not so sure, and here the holder of bearer securities has to rely upon advertisements.

When we come to consider the advantages of bearer securities, however, we find that they are considerable. In the first place, the transfer of such securities is entirely free from all the vexatious formalities connected with the transfer of registered stock or shares, involving as it does the execution of a special deed of transfer by two parties, attestation by a witness (and in the frequent case of any inaccuracy or discrepancy, the initialing of any alteration, by all the parties), and the necessity of impressing the transfer with a revenue stamp equivalent to the *ad valorem* duty within thirty days of the date of the deed, failing which a fresh deed has to be executed. When all these obstacles have been successfully surmounted, and the certificate in the name of the proprietor has been lodged, together with the transfer deed, at the company's office for registration, some weeks elapse before the certificate in the name of the new proprietor is ready for delivery, and if the former proprietor is selling only a part of his holding, he has to part with the certificate for his entire holding, and has to wait for weeks before he receives a fresh certificate for the balance. As compared with this, the holder of a bearer security merely hands over the document, and the matter is completed.

A further advantage in connection with bearer securities is that they are much more convenient for collateral loans from bankers and others, as the mere deposit of the document is effective. It is also possible in the case of bearer securities, the coupons of which are payable sometime ahead, to discount them beforehand, and quite a considerable business in this is done on the Continent. As has already been stated, bearer securities tend to become more and more popular in the United Kingdom. Practically all foreign Government loans and most foreign and Colonial municipal loans are now issued in this shape, and the growing internationalisation of finance will doubtless increase this tendency. Some of the large British railway companies now issue their securities in this form, and the practice is spreading generally.

It should, perhaps, be mentioned that American shares (not bonds) are issued in a hybrid form. Many of the certificates in circulation are in the names of individuals—generally well-known dealers and bankers, but sometimes unknown names. The transfer of these shares is not effected by means of a deed, but by indorsement of the certificate by the

registered holder in favour of another party. The certificates in circulation to which we refer are usually indorsed in blank, and to avoid the formalities involved by the dispatch to America for registration, they frequently circulate for a considerable time in these names, with the result that when a dividend is distributed it is paid to the registered holder, from whom the actual holder, for the time being, has to claim it. These certificates are equivalent in a way to bearer securities, but have the serious disadvantage named, and where it is intended to hold the shares for some length of time, it is wiser to have them registered in the name of the rightful proprietor. To avoid the trouble and formalities this involves, one or two associations in London issue their own form of certificate representing so many shares registered in their name: these pass from hand to hand like bearer securities.

The above article was written in its present form for the first Edition of the ENCYCLOPAEDIA and, therefore, before the great turmoil of 1914-18. It is quite possible that events may change economic and international practices to a very considerable extent during the next decade, but it is impossible to write with any certainty upon the subject at the present time.

BEAR SKIN.—The skins in most general demand are those of the black bear of North America, though there is also a considerable trade in white bear skins. They are used mainly for hearthrugs, caps, harness trimmings, etc. The name is sometimes applied to the high fur cap worn by the English Guards, and also to a species of rough, hairy cloth suitable for outdoor garments.

BEAUNE.—The well-known red wine of Burgundy, named after the district where it is grown.

BEAVER.—A rodent quadruped of amphibious nature, now mainly found in North America. Its skin is of considerable commercial value, being used in the manufacture of stoles, gloves, muffs, hats, etc. The secretion of the gland in the groin of the male beaver has long been noted for its curative properties. It is known as castoreum.

BEBEERINE.—An alkaloid obtained from the *bebeeru*, or greenheart tree, of British Guiana. It is sometimes used as a tonic instead of quinine, but it is less powerful.

BECHE-DE-MER.—A marine slug found in the coral reefs of the Pacific. In China it is considered a great table delicacy. There are many varieties. The Malay name is trepang.

BECHUANALAND.—This is a British Protectorate which extends from the Zambesi in the north to the Molopo River, and extends westward as far as South-West Africa, being bounded on the east by the Transvaal and Matabeleland. Its area is about 275,000 square miles, and the population is about 150,000. The occupation of the people is mainly confined to agricultural pursuits.

The railway from Cape Town and Kimberley passes through the territory, which is governed by a Resident Commissioner, whose headquarters are at Mafeking.

Scrowe is the town which is dignified with the name of capital. It is about 7,000 miles distant from London.

Mails are dispatched from Great Britain every Saturday via Cape Town, and the time of transit is about twenty-three days. (For map, see SOUTH AFRICA.)

BEDDA NUTS.—A species of myrobalan imported in large quantities from the East Indies. They are employed by calico printers for obtaining a permanent black dye, and are also useful for tanning purposes.

BEECH.—The beech, or *Fagus sylvatica*, is a common forest tree of Europe, with small edible nuts. Its wood is hard and solid, and is in great request for making mill sluices on account of its durability under water. It is also much used in the manufacture of chairs, tables, bedsteads, bowls, ladders, carpenters' planes, and other tools. On the Continent, sabots are made of beech wood. Wheelwrights and coachbuilders also employ it extensively. The beech-nuts are known as "mast," and are used as a fattening food for hogs. Beech mast is frequently employed to adulterate cocoa. It also yields a valuable oil used in Germany with salads. A species of vinegar is obtained from the shavings of beechwood, and from its ashes potash is prepared.

BEER.—The well-known and wholesome beverage made by fermentation from malted barley. It is of great antiquity, but the scientific principles applied to the brewing since the middle of the nineteenth century have made the present day product very superior to the beer of a few centuries ago. Both in the United Kingdom and on the continents of Europe and America, beer is an article of great commercial importance. Though maize, rye, millet, and rice are occasionally used in the manufacture of beer, barley is the chief source from which it is produced, being preferred on account of its rapid germination and the quality and quantity of the starch it contains. Two processes are necessary in the preparation of beer, namely, malting and brewing. In malting, the barley is first steeped in water for a period varying from two to four days, until sufficient moisture has been absorbed for germination. The grain is then drained and allowed to lie in a heap for nine to twelve days, during which time it becomes heated, absorbs oxygen, and gives off carbonic acid gas. It is frequently turned, and when the proper stage of germination has been reached, kiln-drying takes place, that is, the grain is further spread out and the temperature is raised by means of dry air, till all the moisture is completely evaporated. The colour of the malt depends on the process adopted, and varies from pale to amber, brown, and black. The first two kinds are used in the preparation of light beers, the brown produces sweet ales, and the black produces porter.

The subsequent processes are known as brewing. The malt is gently crushed, and afterwards mixed with hot water at a temperature of about 170° Fahr. After standing for a few hours, the infusion, or wort, is drawn off. This is known as mashing. Sometimes a second and a third mashing take place. The malt remaining is called "draff" or brewers' grains, and is used as a cattle food. The wort is then boiled for two hours with a certain quantity of hops, which are used to give the beer its peculiar flavour, its tonic properties, and keeping qualities. After boiling, the liquid is rapidly cooled, and yeast is added for the purpose of fermentation. It is then that the greatest care is required to prevent the formation of acetic acid. The liquid is carefully skimmed, and fermentation is stopped before it is complete. The yeast is then removed, and the resulting beer is drawn off into casks, where a slow process of fermentation still continues, rendering the beer stronger with time.

The nutritive properties of beer depend upon the presence of sugar, dextrine, certain nitrogenous substances, and soluble phosphates. It contains from 3 to 8 per cent. of alcohol. Lager beer and Bass represent the lowest and highest percentages respectively.

The above refers to beer generally as known in normal times. It has nothing in common with the beer which was supplied for ordinary consumption during the Great War.

BEERHOUSES.—(See LICENSING LAWS.)

BEE SWAX.—The hard, yellow, fatty substance obtained from the combs of the bees after the honey has been removed. It is best bleached by exposure to the sun, but chlorine and nitric acid are also used for this purpose. Beeswax is employed in the manufacture of candles, especially those required for religious rites. It is also used for waxing polished floors, modelling fruits and flowers, and as an ingredient in ointments, etc. Unfortunately the real product is often adulterated by the addition of vegetable fats and other inferior waxes. The price of bleached beeswax is about £7 per cwt. It is an important article of commerce, and is largely imported from America and the East.

BEE T.—A plant of the same order as spinach, valuable for its turnip-shaped, succulent, edible root. There are several cultivated varieties, but they all had their origin in the wild species growing on the Mediterranean coasts and in other parts of Europe. The beet has been prized since the middle of the eighteenth century as being the source of the most extensive manufacture of sugar. The Silesian beet is best known, and is said to supply half the sugar of the world.

BEETROOT SUGAR.—The juice of the beet contains about 10 per cent. of a saccharine substance which now yields the greater portion of the world's supply of sugar. Though the trade was introduced during the eighteenth century, it was not of first-class importance until nearly a hundred years later. Since that time the industry has gone steadily forward, especially in Germany, the south-eastern provinces of Russia being noted for their extraordinary fertility in the production of beet. Attempts have been made to establish the trade in England, but not on a scale commensurate with the adaptation of the English soil for the culture of the beet. There are indications, however, of a determined effort being made in the near future to remedy this defect.

In the process of manufacture, the roots of the beet are first steeped in water and reduced to a pulp. The juices obtained by pressure from this pulp are treated with milk of lime and afterwards with carbon dioxide. The mixture is raised to near boiling point, and all albuminous constituents are thus removed by the presence of the lime. Other impurities are removed by filtration, and the juices are then evaporated to syrup, from which raw sugar in the shape of crystals is obtained. Various refining processes are necessary before the product is ready for the market.

BEGGING LETTERS.—To go about and make it a general practice to gain money by begging renders the offender liable to imprisonment as a rogue and vagabond. To obtain money by sending begging letters containing false and fraudulent statements renders the sender liable to be punished for obtaining money by false pretences, if the statements are false statements of alleged facts as distinguished from mere intentions. To attempt to obtain money

by begging letters is an offence which renders the sender liable to be charged and imprisoned as a rogue and vagabond, or, if the offence is repeated, as an incorrigible rogue.

BEIGE.—The French name for undyed woollen fabrics.

BELGIUM.—*Position, Area, and Population.* (N.B.—All the facts and figures set out in the present article have been corrected up to the time of going to press. Any modifications will be noted in the Appendix.)

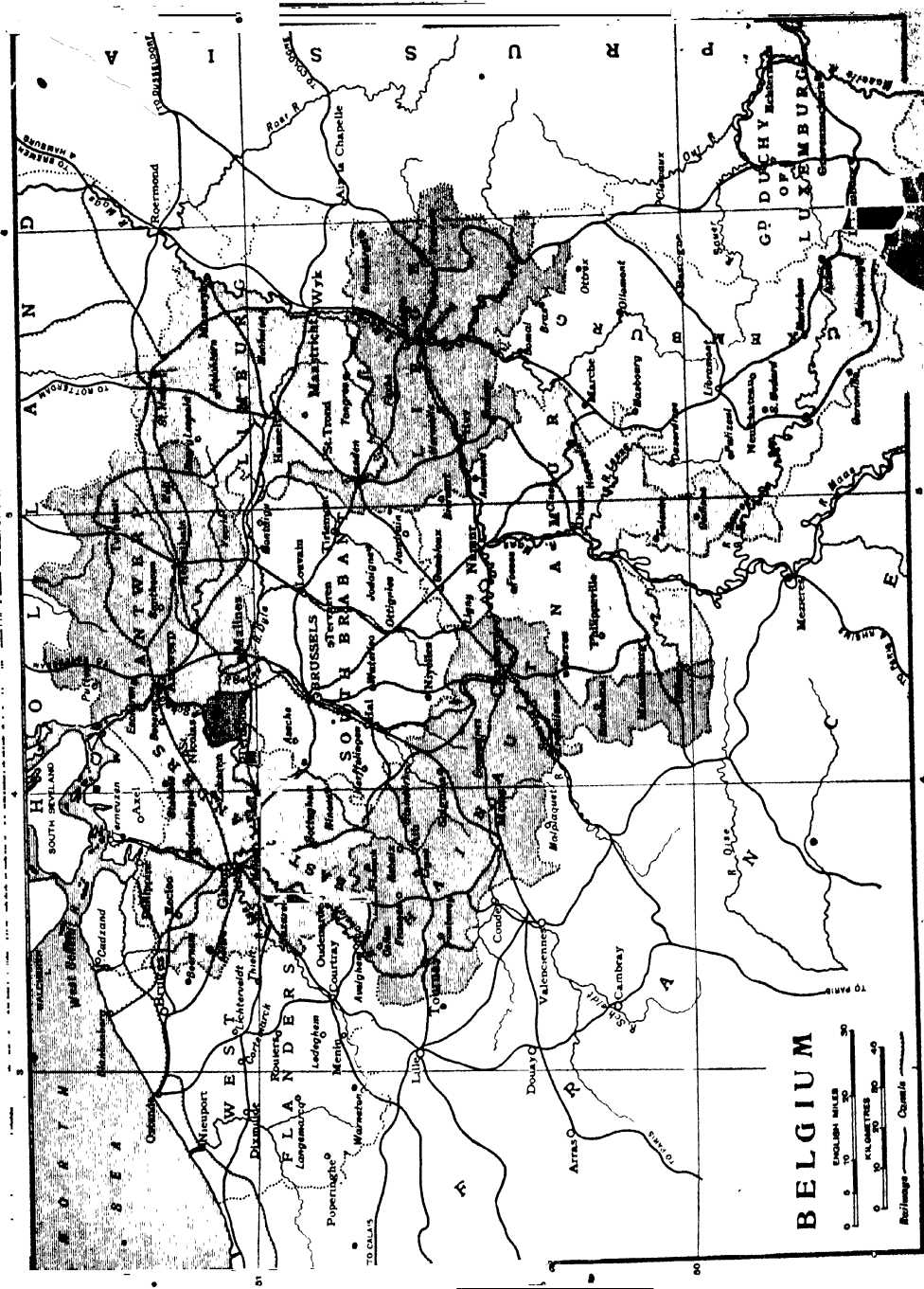
Belgium is a small triangular kingdom, which was cut out of Holland in 1830. It lies in the north-west of Europe, and is bounded on the north by Holland; on the east by Holland, Rhenish Prussia, and Luxemburg; on the south by France; and on the west by the North Sea, one of the most important commercial seas of the world. The position of Belgium is worthy of note, it is surrounded by the most persevering, intelligent, and enterprising nations of the Continent, it looks towards the New World and the Old for its trade; and it has long been the "buffer" State between France and Germany, and has, therefore, often been the theatre of strife, well earning the title of "the cock-pit of Europe." This fact has been most clearly brought home by the Great War, 1914-18. Though Belgium is the smallest of the important kingdoms of Europe, being only 11,303 square miles in area, or about one-eleventh of the size of the United Kingdom, it can, nevertheless, lay claim to much prosperity, to a high density of population yet little emigration, and to a proud position in commerce and industrialism. Its population is about 7½ millions, which gives an average density of over 650 to the square mile. The only regions where the density of population is comparatively small are the sandy Campine tract in the north-east, the forested and pastoral Ardennes, and the territory of Luxemburg (formerly under Dutch rule). A line drawn across Belgium from east to west immediately south of Brussels divides the area and population of the country into two approximately equal portions. In the northern portion dwell the blond and heavy Flemings of the Teutonic race, speaking a language similar to the Dutch; while in the southern portion are found the dark and active Walloons of the Celtic race, speaking the Wallon language, a kind of French dialect. The Flemings slightly preponderate, and a small district in the south-east is mainly inhabited by German-speaking people. By law the French and the Flemish languages are of equal importance. All legislation is published in the two languages, and all public announcements must be bi-lingual.

Coast Line. The coast-line is but 42 miles in length, and this, in the main, is flat, low, and unbroken. Several portions of the coast district are below sea-level, but the sea is kept out either by natural sand-dunes, or by artificial stone dykes. There is no really good natural harbour in Belgium; all the harbours have been, more or less, artificially made, and give evidence of great perseverance and skill on the part of the Belgians against natural obstacles. Antwerp is a magnificent river port, Ostend is a noted packet station, Zeebrugge is the outlet for the Bruges district, and Ghent is a canal port.

Build. Generally speaking, Belgium is a flat, low-lying country, the northern half of it forming part

of the Great European Plain. The country slopes from south to north (away from the sun), and also from the east to the west. Four natural regions may be distinguished: (1) The Lowland Region of the north and west, part of which is below sea-level, and has been gained from the sea and marshes by human efforts (this region is agricultural, and the polder or reclaimed land is of high fertility); (2) the forested, mining, and rich Hill Region of the south and south-east, with the heights of Hainault and Hesbaye, and the Ardennes plateau averaging 1,500 ft. in height, but containing peaks attaining elevations of 2,300 ft.; (3) the Campine Region in the north-east—a plain of moor, marsh, peat-bogs, and sandy tracts, producing a vegetation of broom and dwarf firs, but showing by the tracts already utilised by the Belgians signs of a more hopeful future; and (4) the dry, sandy heathland round Brussels and Waterloo. The two chief rivers of Belgium are the Meuse, the river of the mountains, and the winding Schelde, the river of the plains. Neither the sources nor the mouths of these rivers are in Belgium, and Belgian commerce is somewhat adversely affected thereby. The Meuse, a most important river commercially and industrially, is 550 miles in length, but only about 100 miles are in Belgian territory. It rises in the Plateau de Langres in France, flows north-west past Sedan, and enters Belgium near Dinant. At Namur, it receives the Sambre, and after passing Huy, Seraing, and Liège, enters Holland, where it is called the Maas. The Scheldt, 250 miles long, has about half of its course in Belgium. It also has its source in France, and is there called the Escaut. After passing the French towns of Cambrai and Valenciennes, it enters Belgium to the south of Tournai. Its chief tributaries are the Lys, which joins it at Ghent, and the Senne, on which stands Brussels, the capital. From Ghent the river in its winding course passes Termonde and Antwerp, and enters the sea by two mouths, both of which are in the hands of the Dutch. The Belgians are anxious to alter this condition of affairs. The importance of the Meuse and Scheldt to commerce lies not only in the fact that they are both deep and navigable, but also in the aid given to canal construction and network by their waters and those of their tributaries. Points of interest in the build of the country are the advantages given to industry and commerce by the flat nature of the country, which has made easy the construction of the admirable network of roads, railways, and canals, thus lessening freight rates, and giving Belgium facilities for a transit trade, and the water-power of the streams of the Ardennes region, once all important, but at present somewhat neglected.

Climate. The climate of Belgium is largely influenced by its position, which makes it partake of an oceanic character, humid and cool, on its oceanic border, and of a continental character, hot summers and extremely cold winters, on its eastern border. The absence of any formidable mountain barrier allows the cold eastern winds of the Continent to increase the severity of the winters in the east, and the prevailing rain-bearing, oceanic westerly and south-westerly winds meet no condensing obstacle except in the south and east, and hence the rainfall is most heavy in these regions. In the west the annual rainfall is 28 in., and fogs are frequent in winter. The climatic conditions, speaking generally, are favourable to farming and stimulative to energy.



Soil. The soils of Belgium are generally of a light and sandy nature, and not naturally fertile, except in the alluvial tracts, and the older land (about $\frac{1}{3}$ of the country consists of reclaimed land). Man's skill and labour, however, make the poor land as well as the rich yield excellent crops as regards both quantity and quality. Scientific farming, with due attention to cultivation and fertilisation, has put the soil of many parts into the very best physical condition for the growth of food products, and the small holdings are so highly cultivated that Belgian farms, even in the industrial regions, often resemble gardens.

Productions and Industries. *Agriculture.* Agriculture in Belgium has reached a very high stage of development; in fact, Belgium ranks among the most intensive farming countries in the world. The Belgian peasant toils early and late on his small holding, using the spade more often than the plough, and obtains marvellous results, yet it is a moot point whether he "in the long run" obtains a meet monetary reward for his labours. The statement that "the magic of property turns sand into gold" is aptly illustrated in Belgium. The smallness of the holdings (often owned by the farmers themselves) may be compared with those of the peasant proprietors of France, and the native small properties of Bengal. It is well to note that Belgium has been compelled by its dense population to reach its present high position in agriculture, industry, and commerce. Emigration from Belgium is practically a negligible quantity. In each of the provinces of Belgium there is an Agricultural Commission appointed by the King, which considers such questions as the clearing and planting of forests, irrigation, veterinary affairs, cultivation, and scientific investigations in agricultural laboratories. Not one-tenth of the country is waste land, and almost 60 per cent. is under cultivation. Naturally, agriculture is mainly pursued on the plains and valleys. Oats and rye form the chief cereal crops, largely on account of their ability to stand a more rigorous and rainy climate than wheat, which is mainly grown in the centre of the plain, where the soil is comparatively dry. Other crops of importance are barley (winter), potatoes, beet (on the coalfield, for sugar and other purposes), tobacco, hops, chicory, flax (in Flanders, especially in the Lys Valley), hemp, colza, and madder. The cultivation of vegetables and fruit, and the keeping of poultry are of increasing importance. Probably, Belgium is the most carefully cultivated country in the world, and, for its size, the most important grain-growing region.

The Pastoral Industry. On the reclaimed tracts of the Campine, and on the fertile polders in the north-west, cattle are fed, and dairying is a very profitable industry. The best butter comes from the Campine district. Fine breeds of horses are reared in Flanders in large numbers, and the funeral "blacks" are well known. Sheep roam over the Ardennes pastures, and supply the woollen industry of Verviers. The Belgian Government pays much attention to stock-breeding. An interesting feature in the mode of transport is the utilisation of dogs for light transport work.

Forestry. Belgium possesses abundance of timber. About 20 per cent. of the total area is forested, chiefly in the Ardennes region. The oak is the most prevalent tree, but the birch, maple, beech, and lime are common.

The Fishing Industry. Deep-sea fishing for

herring and cod in the North Sea waters is actively carried on, and there are oyster beds off the sea coast.

The Mining Industry. Minerals form one of the chief sources of Belgian prosperity. Coal (about 24,000,000 tons are raised annually) and iron, largely the bases of modern industrialism, are found in close proximity, especially in the south-east round Liège. The Belgian coalfield is a continuation of the French Valenciennes coalfield, and lies on the south of the Hainaut Hesbaye Heights, having as its chief centres in the west Mons and Charleroi in the Sambre Valley, and in the east Namur and Liège in the Meuse Valley. In 1901, coal was discovered at Lanaken, in Limburg, at a depth of 1,770 ft. Abundant iron ore is found in Luxembourg, and much is sent to the iron manufacturing towns of Liège, Namur, Mons, and Charleroi to aid the local supplies. Zinc is mined at Verviers and Moresnet. Marble is plentiful, the black marble of Dinant being highly prized. Other minerals of importance are lead, copper, manganese, sulphur, granite, and slate.

The Manufacturing Industries. The manufactures of Belgium are very advanced, and no other country of its size can boast of as many. Its importance in manufactures dates as far back as Hanseatic times, and though some have since declined, the great majority have survived. The woollen industry of Verviers can be traced back to 1432, and much aid was given by the Flemings to early English manufactures in the reign of Edward III. The advantages for textile and iron manufactures are many. Locally grown flax, the wool of the Ardennes, the proximity of coal and iron, a moist climate, the absence of hurtful lime salts in the waters of the rivers, notably the Lys (useful in bleaching), the splendid system of communication by road, river, railway, and canal, and the situation of Antwerp for the receiving of the raw materials for manufacture, all render aid. The chief manufactures are textiles, hardware, chemicals, glass, sugar, paper, and beer. Cotton goods are manufactured at Ghent (Gand), the "Manchester" of Belgium, Bruges, Antwerp, and Courtrai; woollen goods at Verviers, Liège, Tournai, Ghent, and Courtrai; lace goods at Mechlin (Malines), Bruges, Brussels, and Antwerp; linen goods at Tournai, Courtrai (utilises local and Russian flax), Ghent, and St. Nicholas; silk goods at Antwerp and Ghent; Brussels carpets at Brussels and Tournai; hardware at Liège (the "Leeds" and "Birmingham" of Belgium), Charleroi, Mons, Namur, and Seraing (there is much specialisation in the iron trade: Liège specialises in ordnance, Namur in brass, wire, and cutlery, and Charleroi in nails), and sugar and leather at Antwerp. It will doubtless be noted that the textile area is mainly in the Scheldt basin, and the hardware area in that of the Sambre-Meuse.

Naturally, the productions and industries of Belgium were much affected by the conditions of war between 1914 and 1918, and it will take some time for the country to regain its former prosperity. Much of what is stated under the present heading has reference to normal times prior to 1914, and the same remark applies to the next paragraphs.

Communications. *Land and River Routes.* The means of communication in Belgium are excellent. Splendidly made and well-kept roads (about 6,000 miles), an intricate network of railways (over 3,000 miles), and inland waterways of rivers and canals,

(over 1,000 miles) make transportation both easy and cheap. Road traffic competes with the railway, and horse and steam tramways act as feeders of the railway. Water traffic on the canalised rivers and canals is of greater extent than that on the railways. There is no town of importance that is without a canal. Artificial waterways connect Antwerp and Ghent with the Seine in the south-west, with the North Sea to the north-west, and with the mineral region of Belgium in the south-east. Both the Meuse and the Scheldt are important highways of commerce, and they are connected with each other and with all the chief towns by a fine system of canals. Canals also connect the Meuse with both the Seine and the Rhine. The Sambre-Meuse route, which goes by Namur and Liège to Aachen (Aix-la-Chapelle) and Cöln (Cologne), gives easy access from North-East France to the Rhine basin. Belgian railways compare with English railways as regards density, and they are owned by the State. Freight rates are low—a decided advantage to trade (N.B.—This was before the war. In 1919 they were very much in advance of the 1914 rates.) Mechlin (Malines) is the centre of the railways, and lines connect Antwerp with Brussels, Namur, Luxembourg, Strassburg, Basle, and Milan (by the St Gothard tunnel). From Brussels lines run southwest by Mons to Paris, west to Ostend through Ghent and Bruges, and east by Liège to Cöln (Cologne).

Commerce. The commerce of Belgium rapidly increased after its formation as a kingdom in 1830. A large transit trade was carried on across it [mainly through Antwerp (Anvers), Liège, and Verviers] between overseas countries and the basin of the Middle Rhine. Though the sea-borne commerce of Belgium is great, yet its mercantile marine is small, and British vessels do a large amount of the carrying trade. Antwerp, the only large port, has had its harbour much improved by dredging and other artificial means, and improvements are still being made. It trades not only with the North Sea ports of Britain and the Continent, but also with the eastern ports of North and South America, and the ports of West Africa. The small and low-lying coast is unfavourable to commerce, but this is counterbalanced, to some extent, by the energy of the people and the fine inland system. Packet steamers ply between Dover and Ostend. The imports consist of wheat and mixed grain, maize, barley, raw materials for manufacture (wool, flax, cotton, hemp, silk), iron ore, zinc, copper, nickel, diamonds, machinery, dye-stuffs, rubber, raw hides, oil-seeds, coffee, and petroleum. Its exports include coal, coke, textiles, machinery, glass manufactures, iron goods, steel, zinc, diamonds, sugar, lead, copper, butter, eggs, india-rubber, horses, chemicals, wheat, and mixed grain. The larger half of its commerce crosses the land frontiers, the smaller half is by sea. Most trade is carried on with France, Germany (*i.e.*, before the war), the United Kingdom, the United States, and the Netherlands. Important trade is also conducted with Russia, British India, Rumania, Argentina, and Belgian Congo.

Trade Centres. With such a vast population, Belgium is a land of towns. There are seventeen towns with populations exceeding 20,000, four of which have populations exceeding 100,000.

Brussels (with suburbs, 730,000), the capital, stands on the Senne, at the meeting of hilly and plain. It possesses fine boulevards, museums of rare treasures, and many magnificent buildings, among

which may be mentioned the Hotel-de-Ville (Town Hall), a Gothic structure of the fifteenth century; the modern Palais-de-Justice (Law Courts); and the Cathedral of St. Gudule. Its manufactures include lace, carpets (in decreasing quantities), damasks, porcelain, jewellery, and ribbon. It is a railway and canal centre, and, therefore, an important receiving and distributing dépôt. A canal enables sea-going vessels to reach its quays. On account of its gaiety and liveliness it is often called the "Little Paris." Lying a few miles to the south of Brussels are the battlefields of Waterloo, Quatre-Bras, and Ligny.

Antwerp (320,000) on the wide and deep estuary of the Scheldt, is the chief port, and vies with London in its position on a tidal river. Behind it lies a magnificent rail service, and a very complete inland navigation system, connecting it with the Meuse, Seine, and Rhine. Vessels of the largest size can now reach its quays. Rotterdam (Holland) is its important rival. In the fourteenth century Antwerp was a serious competitor of Venice and Genoa, but, later, under Spanish rule, its trade declined. Since 1832, when it passed solely into Belgian hands, its trade has rapidly increased, and the Belgians are now keenly alive to the fact that constant care and energy are needed to preserve its fine harbour. Antwerp possesses many fine buildings. Its beautiful cathedral has a spire 402 ft. high, and some of the paintings of Rubens, who was born in the town, adorn its walls. Among the manufactures of Antwerp are textiles, sugar, and shipbuilding.

Ghent (170,000) stands at the confluence of the Lys and Scheldt, and is connected by a ship canal (completed in 1886) with Terneuzen at the mouth of the Scheldt. Another canal via Bruges connects it with Ostend. Vessels drawing 26 ft. of water can reach the town. Ghent is a hive of industry, a town of rivers, canals, and bridges, and curiously old-world. Its floral shows and wonderful gardens make it the "City of Flowers." The position of Ghent is a capital one for trade and industry, and its manufactures are chiefly cotton, woollen, lace, leather, sugar, and shipbuilding.

Liège (180,000), picturesquely situated on the Meuse, where it bends northward, is the chief iron manufacturing town, and one of the busiest towns of Belgium. Its position at the junction of routes, and the Campine Canal, which connects it with Antwerp, aid its trade. Liège's factories turn out rails, machinery, firearms, cannons, and cutlery. It is often called the "Capital of the Walloons."

Mechlin (Malines) (60,000) is the religious capital, the centre of railways, and a lace manufacturing town.

Bruges (Bridges) (54,000) is a quaint, old-world, and canal and bridge town, whose trade has much declined. It shows signs now of increased prosperity, owing to its canal connection with Ostend, and with its out-port Zeebrugge. The town contains interesting buildings and relics, and its belfry houses the sweetest bells in Europe. Its manufactures include lace, lawns, and damasks.

Verviers (50,000) lies east of Liège, and is the chief woollen manufacturing town.

Louvain (43,000) lies east of Brussels. It manufactures starch, beer, and paper. Its university is important, and its town hall has been described as a jewel casket. This town suffered severely during the German invasion in 1914, and will require large re-building.

Ostend (42,000) is the chief packet station and also a seaside resort.

Seraing (41,000) is near Liège, and possesses large ironworks.

Tournai (37,000), on the Scheldt, is an old town engaged in textile manufactures.

Courtrai (35,000) is an important textile centre. **Namur** (33,000) stands at the junction of the Meuse and Sambre, and is a natural route centre. The town is strongly fortified, and is engaged in iron manufactures and glass.

Other towns are **Mons** and **Charleroi** (iron and coal); **St. Nicolas** (textiles); **Ypres** (wool); **Spa**, **Dinant**, and **Rochefort** (inland resorts); and **Dendermonde**, **Diest**, and **Huy** (fortified towns). The university towns are **Ghent** and **Liège** (State), and **Brussels** and **Louvain** (free).

Many of the towns suffered severely during the war—some were practically wiped out.

Colony. Belgium possesses an important colony in Africa. A large part of the Congo basin (approximately 900,000 square miles), formerly called the Congo Free State, and governed by the King of the Belgians, has been recognised since Oct. 1908 as a Belgian colony under the title of Belgian Congo. Its population has been estimated at about 20,000,000, and its chief productions are rubber, ivory, palm-kernels, palm-oil, hides, copra, and white copal. (See Congo.)

History and Government. Belgian territory has, in past times, been under the rule of the Spaniards, the Austrians, and the French. From 1815 to 1830 Belgium formed a kingdom with Holland. Religious difficulties, jealousies, and a love of freedom brought about disruption, and Belgium became an independent kingdom, its neutrality being guaranteed by the Great Powers of Europe in 1839. It was the violation of this neutrality by the Germans in 1914 which led to the participation of Great Britain in the Great War of 1914-18. Belgium is the key to the North-West of Europe, and the meeting ground of Celt and Teuton, hence it has had a most chequered career. Notable battles fought on its soil were Malplaquet, Jemappes, Ligny, Oudenarde, Ratisles, Stenkirch, Landen, Quatre-Bras, and Waterloo. Mons and Ypres are indelibly associated with 1914-18. The mixture of Walloons and Flemings with their mutual jealousies makes the ruling of Belgium a difficult task. The government is a limited monarchy, with a Sovereign and two Houses of Parliament—the Senate and the House of Representatives. Belgium provides a study in the density of population and its causes, and it would be of much interest and importance to peep at its future density could be obtained. Owing to the war the question of emigration will be less pressing for some period.

Luxemburg, a small independent State lying to the south-east of Belgium, governed by a Grand Duke or Duchess. It was considered neutral territory, but formed part of the German Zollverein. During the period 1839 to 1890 Luxemburg was a dependency of Holland, but when Queen Wilhelmina ascended the throne in the latter year, it passed out of Dutch hands. It was occupied by the Germans in 1914, and liberated after the armistice was declared in November, 1918. The northern portion of the country is part of the Ardennes region, and its soil is poor. The southern portion contains more fertile land, and valuable deposits of iron. Agriculture and mining are the chief occupations. The capital is **Luxemburg**, occupying a strong

position on the Alzette, though the fortress was long ago dismantled.

Mails are dispatched, normally, from Great Britain to Belgium four times daily. At present there is but one dispatch daily. Brussels is 224 miles distant from London, and the time of transit is about 8 hours.

BELLADONNA.—A poisonous plant, also known as the deadly nightshade. It is a native of Southern Europe and Asia, and is also found in the British Isles. It owes its narcotic and poisonous properties to its active principle, atropine. The extract of the plant is used medicinally for soothing irritation and pain, and by oculists during an examination of the eye, for the purpose of dilating the pupil and diminishing the sensibility of the retina to light. A tincture, an ointment, and other pharmaceutical preparations are also obtained from belladonna.

BELOW PAR.—When the market price of bonds, stocks, or shares is less than their nominal or face value, they are said to be "below par," or "at a discount." (See PAR.)

BELTS AND BELTING.—The flexible belts used for the transmission of rotary motion in machinery. They are made of various substances, such as leather (either raw-hide or oak-tanned), india-rubber, cotton, llama hair, gutta-percha, balata, waterproof canvas, or combinations of canvas and india rubber. Raw hide is greatly recommended as combining strength and pliability, but belting is still chiefly made from oak-tanned leather. Statistics give the breaking strains of the various sorts of belting per square inch as follows:—

Best leather	3,360 lbs.
Superior india rubber	4,000 "
Stout stitched cotton	6,800 "
Solid-woven cotton	10,420 "

BENEDICTINE.—A liqueur so-called because it was originally distilled by Benedictine monks. It is a sweetened spirit similar to Chartreuse, and owes its peculiar taste and quality to the presence of various cordials and the essential oil derived from various kinds of herbs. It is now made principally at Fécamp, in Normandy.

BENEFICIAL OWNER.—Before the passing of the Conveyancing Act, 1881, it was necessary in the conveyance of property to recite a large number of incidents showing the title of the person conveying, and this recital was a species of warranty, upon which an action could be founded if there was afterwards discovered any flaw in the title. But, of course, the person conveying was only bound so far as his covenants extended. In order to curtail the length of conveyances, the Act above mentioned has enacted that when a conveyance is made for valuable consideration, and the transferor conveys as "beneficial owner," those words shall imply certain covenants, without their being specially mentioned.

In a conveyance for valuable consideration, other than a mortgage, the covenants implied by the use of the words "beneficial owner" by the transferor are that he has full power to convey the property, that the property shall be quietly entered upon and enjoyed by the person to whom the conveyance is made, that the property is freed and discharged from all incumbrances and claims other than those subject to which the conveyance is expressly made, and that he will execute any further deeds for further or more perfectly assuring the property to the person to whom the conveyance is made.

If the property is leasehold, the "beneficial owner" also impliedly covenants that it is a good,

valid, and effectual lease, and that all rents and covenants have been paid and observed.

In the case of a conveyance of freehold property by way of mortgage, the "beneficial owner" implies that he has power to convey, that, if default is made in payment of the money intended to be secured, it shall be lawful for the mortgagee to enter into and hold the property, that the property is freed from all incumbrances other than those to which the mortgage is expressly made subject, and that he will execute any further necessary deed.

In a mortgage of leasehold property, he agrees to pay all rents and observe all covenants so long as any money remains unpaid (See *TITLE DEEDS*.)

BENEFICIARY.—When property is left on trust, the legal estate is in the trustees of the will or settlement, as the case may be, whilst the interest arising from investments, etc., or the property itself, when the estate has to be wound up, is for the sole benefit of the person or persons who are intended to profit in reality under the will or settlement. The person who is really entitled to enjoy the benefits conferred is the beneficiary.

BENZENE.—(See *BENZOL*.)

BENZINE.—Also called naphtha or petroleum spirit. This word is the correct expression for the English "petrol," the American "gasolene," and the French "essence." It is a distillate from petroleum, and is a light, colourless liquid, chiefly valuable for its solvent properties in connection with oils, fats, resins, etc. There is an enormous importation of this substance into the United Kingdom, and it has now become practically the only fuel used in the propulsion of vehicles with internal combustion engines. Owing to its highly inflammable nature, great care is required in its use. Benzine should not be confused with benzol or benzene (*qv*).

BENZOIC ACID.—An aromatic, volatile solid, readily soluble on the application of heat. It is chiefly obtained from coal tar, but may also be procured from benzoin (*qv*). Benzoic acid is employed in surgery and medicine as an antiseptic and expectorant. The chemical symbol for crystallised benzoic acid is C_6H_5COOH .

BENZON.—A balsamic gum resin, commonly known as gum benjamin. It is extracted by incision from the stem of the *Styrax benzoin* of Java and Sumatra. Benzoic acid in the form of white vapours is obtained from the heated gum. Benzoin is used in perfumery, for incense, and in pharmacy. Its compound tincture yields friar's balsam, which is much used as a remedy for wounds, mainly on account of its antiseptic properties. Court plaster is also prepared from it.

BENZOL or BENZENE.—A liquid, colourless, hydrocarbon, discovered by Faraday in 1825 in a tarry substance resulting from the distillation of oil. It is very volatile, and has a peculiar aromatic odour. It is an excellent solvent of fats, resins, sulphur, phosphorus, and some alkaloids, and quickly removes grease spots. Benzene is obtained from coal tar, being chiefly produced in gas works by special treatment of the coal-producing lighting gas, and owes its commercial importance to the fact that it is the source of aniline and the aniline colours. Its chemical symbol is C_6H_6 , and it boils at $80^\circ C$.

Benzol is also largely used in the manufacture of industrial and warlike explosives in its nitrated form, di-nitro-benzol being a compound of a large number of well-known explosives. Of late years

also benzol has, chiefly in France, but also to a certain extent in the United Kingdom, been used as a fuel for internal combustion engines of automobiles as a substitute for petrol.

BENZOLINE.—A name sometimes given to benzine (*qv*) and to impure benzene. It resembles the latter in its appearance and in its solvent properties.

BERGAMOT.—The *Citrus bergamia*, a kind of sweet orange, from the rind of which an essential oil is distilled. The essence of bergamot is valuable for its fragrance, and is much used in perfumery for preparing pomades, eau-de-Cologne, etc. It is also employed in the manufacture of liqueurs. Sicily is the chief centre of the industry.

BERKOVITZ.—(See *FOREIGN WEIGHTS AND MEASURES—RUSSIA*.)

BERMUDAS (BRITISH).—The Bermudas are a group of more than 300 islands and islets, about 600 miles to the east of the coast of the United States. Only fifteen of the islands are habitable, and on these the soil is thin. The more important are Bermuda, St. George's, Ireland Island, Somerset, and St. David's. There are no fresh-water streams, and the wells being poor, the water supply depends on the rainfall. The area under cultivation is about 4,000 acres. The principal crops are onions and potatoes, and the rearing of bullocks and hives is an important industry. Most of the trade is with the port of New York. These islands are of value to the United Kingdom as a naval and military station. The military barracks are at St. George's, on the island of the same name. A submarine telegraph cable connects these islands with Halifax, Nova Scotia.

Hamilton, on Great Bermuda island, is the chief town. The docks, shipyards, and storerooms of the naval establishment are at Ireland Island.

Mails are dispatched from Great Britain upon dates which may be obtained at any post office, or from the *Post Office Guide*. Hamilton is 2,970 miles distant from London. The time of transit, normally, is thirteen days* (For map, see *AMERICA, NORTH*.)

BERYL.—A precious stone found in granite rocks in various parts of Europe. The commoner varieties are semi-opaque, and generally yellowish in colour, while the best stones (known also as aquamarine) are transparent and noted for their beautiful colour. The beryl is of the same species as the emerald, but has not the same value.

BESSEMER STEEL.—Steel manufactured by a special process, introduced by Sir Henry Bessemer in 1855-6. It is prepared in England from haematite pig-iron. The new process entirely revolutionised the steel industry, and Bessemer steel is now generally employed in the manufacture of heavy articles, especially rails, tyres, rollers, boiler plates, ship plates, etc. (But see *STEEL*.)

BETEL.—The *Areca catechu* palm, indigenous to the East Indian archipelago. The betel nut is chewed by the Malay races as a stimulant. As it has a pleasant odour and preserves the teeth, it is sometimes employed, when calcined and pulverised, as a tooth powder. Buttons are manufactured from the betel nut, but its main use in England is as a horse medicine.

BHANG.—The Indian name for the dried leaves of hemp and the intoxicating preparation made from them. It is the same as the Arabic *hashish*. The native of the East smoke bhang on account of its narcotic properties. The drug is also employed as a sedative and a narcotic in medicine.

BILLS RECEIVABLE BOOK.

No. of Bill.	When Received	From Whom Received	Drawers	Acceptors	Where Payable	Date of Bill.	Term	When Due	Folio	Amount of Bill.	Remarks.
1	19 June 3	Thomas Jones & Co.	Saves	T. Jones & Co.	Part's Bank, Head Office	June 1	3 months	Aug	4	600	Discounted with Lloyd's Bank, June to

BILLS PAYABLE BOOK

No. of Bill.	When Accepted.	Drawer	To Whom Payable	On Whose Account	Date of Bill.	Term	When Due	Folio	Amount of Bill.	Remarks.
100	19 June 1	Robinson	F. Robinson	Own	19 June 1	4 months	Oct	4	400	0 0

BILL FRUIT.—(See **BARL FRUIT**.)

BID.—An offer of a price for any particular article which is on sale, generally at an auction. A bid may be revoked or withdrawn at any time before its acceptance has been signified. (See **AUCTIONS**.)

BILL BOOKS.—These are the books of a business in which are recorded the details in connection with all bills of exchange, whether receivable or payable. It is thus simple to follow the history of a bill so far as the firm is concerned, from the earliest stage to the actual disposal or payment of the bill.

The forms of bill books vary as to the rulings, but the main object still remains the same. Forms are given of the usual rulings of bill books.

In some cases the rulings of the bill books are adapted to form bills receivable or payable ledger accounts, the ordinary rulings only requiring the addition of extra columns for cash book folio, and cash, discount, difference in exchange, etc., the discount and difference in exchange totals being periodically carried to their respective accounts in the nominal ledger.

BILL BROKER.—A bill broker is a merchant whose special business it is to buy and to sell bills. He buys from traders and others, and sells many of them to bankers, his profit being obtained from a difference in the rates, the bankers buying from the broker at one-eighth or one-sixteenth per cent. per annum below the market rate. A country banker, although he discounts bills for his customers, does not obtain such a supply of first-class bills as he can procure from the broker, and it is to his advantage to buy bills in this way, because he can purchase just when he pleases and what he pleases. If he anticipates requiring a certain sum of money at a certain date, he may purchase bills from the broker which will mature at the time he requires the funds, and, in addition, in dealing with a broker and discount houses of high standing, he obtains the guarantee that the bills will be met at maturity. When a bill broker re-discounts bills with bankers, instead of indorsing each bill, he usually gives a guarantee to cover all the bills. An exchange broker is a dealer in foreign bills.

Like all other merchants who deal in highly-priced commodities, a bill broker requires a large amount of capital with which to trade, this is formed by his own capital (often great), loans from bankers repayable at call or at short notice, and, in many cases, deposits received from the public. A number of the most important bill broking concerns are limited companies. There are several methods by which bankers may lend money to a bill broker (when a banker buys bills, that is, re-discounts the bills a broker has discounted, the transaction is not a loan but a purchase); he may lend an amount for a long fixed period, say, thirty days, on the security of the deposit of a batch of bills, or for a short fixed period, say, a week, or "from day to day," or "over night." The rate of interest charged is invariable during the period fixed, but, as a rule, the longer the period the higher the rate. The rate on "money over night," however, depends more than the others on the immediate necessities of the broker, who has to meet requirements to-day, but expects to be in funds to-morrow, this "money over night" rate is sometimes relatively high, because the broker is willing to pay a little more rather than have to borrow from the Bank of England, where the loan would have to be for a fixed period, say, three to ten days, while the

broker might not want the money for so long a period.

BILL DIARY.—Owing to the importance connected with the presentation of bills of exchange for acceptance and payment at the proper date, it is a great convenience, and almost a necessity, for a special book to be kept in which all particulars are entered. This book is known as a bill diary. The entries in the diary are usually checked at intervals with the bill book to make sure that all bills have been included. The diary is also balanced periodically with the bill book. Different business houses will have different methods of keeping such a diary. The diary may be divided into columns for distinct classes of bills, or, if the bill transactions are very numerous, a separate diary may be kept for each class.

BILL IN A SET.—(See FOREIGN BILL.)

BILL OF COSTS.—(See COSTS, SOLICITOR.)

BILL OF ENTRY.—An account of the goods entered at the Custom House, made upon a printed form filled up in writing by the merchant. If the goods are for export, they are "entered outwards", if for import, they are "entered inwards". The collector signs this bill when it is a "perfect entry," and this authorises the searcher to permit the unloading or the shipping of the goods, as the case may be. If the importer does not know the goods sufficiently to give such a bill, he applies for a "Bill of Sight," which gives permission to view the goods in the presence of Custom House officers. The importer must complete the entry of goods delivered by Bill of Sight within three days, otherwise the goods will be conveyed to the King's Warehouse. If the entry is not completed, and the duties, with the charges for removal and warehousing, are not paid within a month after the landing of the goods, they may be sold for the payment of the same.

BILL OF EXCEPTION.—A written statement of objections to the decision of a court upon a point of law, made by a party to the cause, and properly certified by the judge or court who made the decision. The object of a bill of exception was to put the decision objected to upon record for the information of the court having cognisance of the cause in error. Bills of exceptions were authorised by statute, Westminster 2nd (13 Edw. 1), c. 31. Prior to the Judicature Acts, if a judge, at the trial of a cause *ad nisi prius*, mistook the law, either in directing a judgment of nonsuit or in refusing or admitting evidence and other matters, the counsel for the party dissatisfied with the ruling of the judge might tender a bill of exception at any time before verdict, and require the judge to seal it. By the Judicature Act, 1875, Order LVIII. r. 1, bills of exceptions are abolished.

BILL OF EXCHANGE.—A bill of exchange, or, as it is sometimes called, a draft, is defined by the Bills of Exchange Act of 1882, as "an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a sum certain in money to or to the order of a specified person, or to bearer." Every word of this definition requires the most careful study, for if an instrument does not comply with all the requirements set out it is not a bill of exchange, and the holder of it will not be in possession of a negotiable instrument (*q.v.*)

Eight Points. Upon a close examination of the definition, it will be noticed that there are eight

points to be observed: (a) An order, (b) no condition imposed, (c) writing, (d) signature by the person giving the bill, (e) a person to whom the order is given, (f) a fixed or determinable future time of payment, (g) a sum certain in money, and (h) a payee. Each of these is briefly noticed under the present heading, but a fuller discussion will be found under separate headings.

The Order.—Little need be said as to the order contained in a bill. When a bill of exchange is drawn, it is presumed that there are funds in the hands of the person to whom the order is given which are payable in any case to the person giving the order. To frame a bill, therefore, in such a manner that it might be treated as a mere request would lead to inconvenience and uncertainty.

The insertion of a courteous word like "please" will not invalidate an instrument purporting to be a bill of exchange. But in a case where a document was drawn as follows—

"Mr. Little, please to let the bearer have seven pounds, and place it to my account, and you will oblige,

Your humble servant,

"R. Slackford,"

it was said "the paper does not purport to be a demand made by a party having the right to call on the other to pay." The fair meaning is: "You will oblige me by doing it." Such a document is not a bill of exchange.

Unconditional Order. The order to pay must be unconditional. Certainty is the great object in negotiable instruments, and unless they carry their own validity on the face of them they are not negotiable. On that ground, bills which are only payable on a contingency are not negotiable, because it does not appear on the face of them whether or not they will ever be paid. It would be highly inconvenient in commercial transactions if paper securities were issued encumbered with conditions and contingencies, and if the persons to whom they were offered in negotiation were compelled to inquire when the uncertain events would probably be reduced to a certainty. Thus, an order to "pay out of money due to you from A. B. as soon as you receive it" is conditional, because A. B. may never pay the money at all. And, generally, an order to pay out of any particular fund is conditional. But where there is "an unqualified order to pay, coupled with (a) an indication of a particular fund out of which the drawee (that is, the person to whom the order to pay is given) is to reimburse himself, or a particular account to be debited with the amount, or (b) a statement of the transaction which gives rise to the bill," this is unconditional (Sect. 3, s.s. 3).

Necessity of Writing. A bill of exchange was required to be in writing by the custom of merchants, and this requirement was adopted into the common law. A promissory note was made subject to a like requirement by 3 & 4 Anne, c. 9. Now by the Act of 1882 every engagement connected with a bill of exchange or a promissory note must be signified by writing upon the instrument itself. A bill may be written, printed, or typewritten.

Signature of Drawer. The person who gives the order to pay is called the "drawer," and he must sign the bill. Until his signature is affixed thereto the document is incomplete and of no effect. This signature may be added at any time after the issue of the bill. Since the word "person" is defined

by the Act as including a "body of persons whether incorporated or not," the signature may be that of an individual, a number of individuals, a firm's name, or the name of a society. (See **DRAWER**.)

The Drawee. The next requisite is that the document shall be addressed to a person (or to a body of persons, as explained in the preceding paragraph) ordering payment to be made by him. The person to whom the order is addressed is called the "drawee"; and if the drawee signifies his assent to the order of the drawer in due form, he is then called the "acceptor." (See **ACCEPTOR**.)

Time.—A time for payment must be fixed, or it must, at least, be determinable in the future. This condition is imperative, in order that a person who has a right of action upon the document may know when payment becomes due and when he will be able to sue upon it. It is also of the utmost importance, since the law will not allow a right of action to continue for an indefinite period, and a date must be clearly set out showing the time from which the period prescribed for limiting the right of action is to be calculated.


Payment in Money. The order for payment must be for a sum certain in money, and in money only, that is, in legal tender (*q.v.*). Formerly restrictions were imposed upon the issue of negotiable bills and notes for a sum of less than 20s. These restrictions have now been removed, and there is no limit as to the amount for which a bill, a cheque, or a note may be drawn. It would appear, however, that, by an oversight, the Act, which applies to the whole of the United Kingdom (including the Channel Islands and the Isle of Man), failed to repeal an Act of 1845 applicable to Scotland, by which negotiable bills and notes for sums of less than 20s. were declared void in Scotland, and their issue and negotiation forbidden under a penalty. The only exception to this enactment was one made in favour of drafts on a banker for the payment of money "to the use" of the drawer. "The sum payable by a bill is a sum certain within the meaning of the Act, although it is required to be paid (a) with interest, (b) by stated instalments, (c) by stated instalments, with a provision that upon default in payment of any instalment the whole shall become due, (d) according to an indicated rate of exchange to be ascertained as directed by the bill" (Sec. 9, s. 1).


The Payee. The last of the special points to be noticed in the definition is that payment must be ordered to be made to or to the order of a specified person, or to bearer. The person to whom or to whose order payment is directed to be made is called the "payee." It frequently happens that the payee is the drawer himself, whether the bill is drawn payable to order or to bearer. And it has been held that where a bill was drawn "payable . . . or order," this signifies that the drawer is the payee and the bill becomes negotiable by the indorsement of the drawer. The payee, if the bill is made payable to his order, is required to indorse (*q.v.*) the bill, that is, to write his name upon the back of it, in order that it may be negotiated, and he then becomes the indorser (*q.v.*). Where the payee is a fictitious or non-existent person, the bill may be treated as payable to bearer. (See **FICTITIOUS PAYEE, PAYEE**.)


Inland Bill. The present article deals entirely with inland bills of exchange. Foreign bills, which differ from inland bills in several important


particulars, are dealt with in a separate article. An inland bill is defined as "a bill which is, or on the face of it purports to be (a) both drawn and payable within the British Islands, or (b) drawn within the British Islands upon some person resident therein. Any other bill is a foreign bill. . . . Unless the contrary appears on the face of the bill, the holder may treat it as an inland bill" (Sect. 4).

Form. Although the Act gives a full and comprehensive definition of a bill, it does not set out any special form of words which are imperatively necessary in order that validity may be given to it. And there is nothing in the Act which precludes a bill from being drawn in any language which is intelligible. But, in practice, the form of a bill does not often differ from one of the following specimens—

(1)
£50.
 Birmingham,
November 1st, 19..
Two months after date pay to
James Smith or order fifty pounds
for value received.
George Johnson.
To Messrs. Alfred Jones & Co.,
Manchester.

(2)
£240.
 Manchester,
November 8th, 19..
Three months after date pay to me
or to my order the sum of two hundred
and forty pounds for value received,
Alfred Johnson.
To Mr. Joseph Tomlinson,
34 Shelland Street,
Leeds.

(3)
£148.
 Sheffield,
November 15th, 19..
One month after date pay to bearer
one hundred and forty-eight pounds
for value received.
Edward Holmes.
To Mr. Edgar Austin,
756 Oxford Street,
Manchester.

(4)
£500.
 Bristol,
November 22nd, 19..
On demand pay to me or to my
order the sum of five hundred pounds
for value received.
Joseph Thomas.
To Mr. Edward Jones,
Cardiff

Stamp Duties. The stamp duties payable in respect of inland bills of exchange are, under the Stamp Act, 1891, the Finance Act, 1899, and the Revenue Act, 1909, as follows—

Bills payable on demand, at sight, or on s. d.
presentation, or not exceeding three
days after date or sight, for any amount 1

All other bills—	s. d.
When the amount does not exceed £5	1
When the amount exceeds £5 but does not exceed £10	2
When the amount exceeds £10, but does not exceed £25	3
When the amount exceeds £25 but does not exceed £50	6
When the amount exceeds £50 but does not exceed £75	9
When the amount exceeds £75 but does not exceed £100	1 0

By the Finance Act, 1918, the duty of 1d. was increased to 2d. on and after the 1st September, 1918.

When the amount exceeds £100, 1s. for the first £100, and an additional 1s. for every fractional part of £100. Thus a bill, not payable on demand, or within three days after date or sight, for £845, requires a 9s. stamp. In calculating the stamp duty, any interest agreed upon is not taken into account. The duty is calculated upon the amount of the bill.

In the case of those bills of exchange which are subject to an *ad valorem* duty, the stamp must be an impressed one. The other kind of bills of exchange—including cheques—may be stamped with an adhesive stamp. In either case, where the duty was originally 1d., the extra penny may be denoted by an adhesive stamp. Dealing with bills of exchange which are improperly stamped renders the person so doing liable to a penalty of £10.

It will be noticed at once that in the specimens of bills of exchange just set out certain additions are made which are not demanded by the definition of a bill already given. But these are all matters of practice and not of necessity. The insertion of the name of the place of making helps to identify the drawer; but its absence does not render a bill void. "A bill is not invalid by reason that it does not specify the place where it is drawn or the place where it is payable" (Sect. 3, s.s. 4 (c)).

Date of Bill. An undated bill is valid, though it is irregular for a bill to be issued which does not bear a date. A holder of a bill is permitted, under Section 12 of the Act, to insert the true date of the bill if it is issued undated, and he is not in any way prejudiced in his rights if the date inserted turns out to be incorrect, provided the mistake has been made in good faith. "A bill is not invalid by reason only that it is ante-dated, or post-dated, or that it bears date on a Sunday" (Sect. 13, s.s. 2). It is a presumption of law that any date upon a bill, signifying the time of its drawing, acceptance, or indorsement, is the true date of such drawing, acceptance, or indorsement, until the contrary is proved.

Time of Payment. The first words of the bill, when one of the common forms as above is used, indicate the time when the bill becomes payable. As it has been already pointed out, the time for payment must not depend upon a contingency, and the defect is not cured by the happening of the contingent event. Subject to the allowance of "days of grace" (*q.v.*), the date is fixed by the instrument, *e.g.*, three months after date. The time may also be fixed and determinable if it is expressed to be after the occurrence of a specified event which is certain to happen, *e.g.*, one month after the death of A. A bill is payable immediately if it is expressed

to be payable on demand, or at sight, or on presentation, and if no time at all for payment is indicated; thus, if a bill commences "Pay A B or order," it is also payable on demand. Moreover, if a bill is accepted or indorsed when it is overdue, it is, so far as the acceptor who so accepts, or any indorser who so indorses it, deemed to be payable on demand (Sect. 10, s.s. 2). When a bill is drawn at a certain time after sight or after demand, the bill must be presented before a calculation of the due date of payment can be made.

Parties. The three names which appear upon the face of a bill are those of the drawer, the drawee, and the payee—though the payee may be, and often is, the drawer himself. The liability of each of these persons is dealt with in separate articles, to which reference should be made. In addition, when the bill is negotiated, the names of other persons may appear upon the back of the bill as indorsers. (See **INDORSER**.) No person, however, is ever liable upon a bill unless he has signed it, or some other duly authorised person has signed it for him in his stead, and by his authority. But as soon as his signature has been affixed he is saddled *prima facie* with liability. He has, in fact, become a "party" to the bill. Those persons who are in direct relationship with each other, *e.g.*, the drawer and the acceptor, the drawer and the payee, an indorsee and the immediately preceding indorser, are called "immediate parties." All other parties are "remote parties" (See **CAPACITY OF PARTIES**).

Order and Bearer. From the examples given above it will have been noticed that a bill of exchange is sometimes drawn to a person or order, and sometimes to a person or bearer. This is an important distinction, and affects the method of transfer of the bill. If the bill is expressed to be payable to order, or simply to a particular person, no transfer is complete unless and until the person to whose order or in whose favour it is drawn or his duly authorised agent—has indorsed his name thereon. If a bill is expressed to be payable to bearer, no indorsement is required. It may also be noticed here that a bill which has got into negotiation is also payable to bearer, no matter what it was in its early stages, if its last or only indorsement is in blank, *i.e.*, when it does not specify a particular person to whom or to whose order the bill is indorsed. These provisions apply when a bill is negotiable. It is quite possible for a bill to be drawn containing words prohibiting transfer, *e.g.*, "Pay A B only." Such a bill cannot be put into circulation; in fact, it is not a negotiable instrument, although valid as between the parties to it (See **INDORSEMENT, NEGOTIATION**).

Amount of Bill. The amount for which a bill is drawn is generally indicated in figures in the top left-hand corner, and in words in the body of the bill. If the amounts do not agree, that amount expressed in words governs the instrument. Where the bill is expressed to be payable with interest, interest runs, unless the instrument provides otherwise, from the date of the bill, and if the bill is issued undated it runs from the date of the issue thereof (Sect. 9).

Value Received. The words "for value received" are almost invariably used by way of conclusion, but they are not essential to the validity of a bill. In a bill of exchange there is always a *prima facie* presumption of consideration, that is, that value has

been given. This presumption, however, is liable to be rebutted by extrinsic evidence between immediate parties to show that there was no consideration given, or that the bill itself is tainted with fraud or illegality. But this is the only case in which extrinsic evidence can be adduced. In every other case the bill speaks for itself, and no evidence is admissible to vary its effect, e.g., an agreement to renew the bill on certain conditions, which would be importing another contract into the contract contained in the bill of exchange, and would, therefore, need a new consideration to support it. Such evidence would, if admitted, have the effect of contradicting the terms of the written instrument. (See CONSIDERATION FOR BILL OF EXCHANGE.)

The present article has been confined to the form of a bill of exchange. All matters dealing with the issue of the bill, its negotiation, its presentment for acceptance and for payment, notice of dishonour, and discharge are treated fully under separate headings. The same applies to the legal position of the holder of a bill and to the liabilities of the acceptor, drawer, and indorser respectively.

Cautions. In dealing with bills of exchange, the following points are worthy of careful attention, and may serve as useful warnings to any person who has to deal with these negotiable instruments—

1. Never draw or accept an accommodation bill (*qv*), unless you are prepared to meet it whenever called upon.

2. When a bill has been drawn by you, endeavour to secure its acceptance before negotiating it.

3. Unless you are to be personally liable upon the bill, take care that any signature you place upon it, whether as drawer, acceptor, or indorser, shows clearly that you are signing in a representative capacity.

4. Never indorse a bill without receiving value for it.

5. Never discount a bill for a stranger. Be sure that you know the person from whom you receive a bill, and take care that he indorses it.

6. Examine the bill carefully.

7. If you are the holder, present the bill for acceptance, if it has not been accepted, and for payment at the proper time. If either acceptance or payment is refused, give notice at once to every indorser and to the drawer, so as to hold each and all of them liable for payment.

8. Upon payment of a bill take care that you get the document into your own possession.

History of Bills of Exchange. The origin and the history of bills of exchange and other negotiable instruments are traced in the judgment of the court in the case of *Goodwin v Roberts*, 1875, L.R., 10 Ex. 337. It appears that bills of exchange were first brought into use by the Florentines in the twelfth century, and that they were common in Venice during the thirteenth century. They made their way at a later period into France, and afterwards became known in England. The first mention of them in this country, so far as is known, is in a statute of 3 Rich. II, c. 3, where bills of exchange are referred to as a means of conveying money out of the realm, though not as being in use amongst English merchants. Promissory notes payable to bearer, or to a man and his assigns, were known in the time of Edward IV. But the use of these instruments must have been remarkably limited, for in

a work called the "Lex Mercatoria," published in 1622, the author, Richard Malynes, a London merchant, gives a full account of bills of exchange as used by the merchants of Amsterdam, Hamburg, and other places, and expressly states that such bills were not then used in England. Further, as an indication of the slowness with which they gained a footing in England, it is interesting to note, and this proves that the statement of Malynes is not quite accurate, that there is not a case to be found in the English books before that of *Martin v. Bourne*, 1603, Cro. Jac. 6, in the reign of James I. There can be no doubt that "the introduction and use of bills of exchange in England seems to have been founded on the mere practice of merchants, and gradually to have acquired the force of custom."

At first, bills were made payable to a man and his assigns, or sometimes to bearer. But about the beginning of the seventeenth century the practice arose of making bills payable to bearer, and transferring them by indorsement. The date of the first indorsement is uncertain, Hartmann, a learned German writer, ascribing it to 1607, whilst M. Nouguet, a French authority, puts it at 1620. The convenience of indorsement led to its being rapidly adopted by merchants, and it soon gained the full sanction of the English courts. Bills of exchange were no doubt originally confined to merchants trading between different countries. Their advantage, however, soon led to their use being extended to bills between traders in the same country, and eventually to bills of all persons, whether traders or not.

BILL OF HEALTH.—A certificate or instrument signed by consuls or other proper authorities, delivered to the masters of ships at the time of their clearing out from ports or places suspected of being particularly subject to infectious disorders, certifying the state of health at the time that such ship sailed. It may be a clean, suspected, or foul bill. A *clean* bill imports that at the time the ship sailed no infectious disorder was known to exist; a *suspected* bill, commonly called a *touched* bill, imports that there were rumours of an infectious disorder, but it had not actually appeared; a *foul* bill, or the absence of a clean bill, imports that the place was infected when the vessel sailed. If the vessel brings a clean bill of health, the passengers and goods are not subject to any quarantine (*qv*); but if the bill is foul or suspected, they may be subject to quarantines of different duration, according as the disease is known or only suspected to have existed in the country at the ship's departure.

BILL OF LADING.—The contract for the conveyance of merchandise in a general ship is that by which the master or captain and owners of a ship, destined for a particular voyage, engage separately with various merchants, unconnected with each other, to convey their respective goods to the place of the ship's destination. The sailing of the ship is usually announced publicly by advertisements and circulars, which give some details of her description, her port of destination, or the round of ports at which she is to call, and her date of sailing. Rates of freight and other terms are arranged by communication with the ship's agents, or with the master, as the case may be, and each intending shipper usually enters into a binding agreement to send a specific quantity of goods, for which, on the other hand, the agent of the ship undertakes to reserve space. Engagements to ship goods, and to

reserve space for goods, must be punctually performed by both the shipper and the shipowner, or otherwise damages may be claimed. The shipper then delivers his goods to those in charge of the ship, either on the quay at which she is lying, or in lighters alongside her, or, as may be customary, at the particular port, and takes in exchange a receipt for them from the person in charge. This document is called the mate's receipt, and frequently shows the terms on which the goods are received. Sometimes it refers to a particular form of bill of lading, for which it is to be exchanged. Further, in nearly all cases, except sometimes in coasting voyages, the mate's receipt is exchanged for a bill of lading signed by the master or ship's agent, which sets out the fact that the goods have been shipped, and the terms upon which they are to be carried and delivered. The primary office and purpose of a bill of lading, although by mercantile law and usage it is a symbol of the right of property in the goods, is to express the terms of the contract between the shipper and shipowner. It often happens in practice, however, that the bill of lading is not signed until after the goods have been placed on board. In this case the contract was made before the bill of lading became operative, and the terms of the bill of lading might then be varied by extrinsic evidence, but no extrinsic evidence can be admitted where the shipper accepts the bill of lading without any protest. The master and owners of a general ship, being *prima facie* common carriers of goods for hire, are at common law, and, irrespective of the bill of lading, regarded as insurers against all loss or injury occasioned to the goods delivered to them by fire, or robbery, or any other cause, excepting the act of God and the King's enemies, and the inherent vice of the goods carried. This liability on their part is usually limited in the bill of lading contracting for the safe carriage and delivery of the cargo by some express clause exempting them from certain specified perils. The exceptions in the bill of lading do not exempt the shipowners, or the master, from the consequences of the want of reasonable skill, diligence, and care, but only from the absolute liability of a common carrier, so far as the excepted causes are concerned; that is, the exceptions only exempt them from liability for loss which has been caused by some of the excepted causes, and which could not have been avoided by reasonable care, skill, and diligence.

The custom is, upon the goods being sent on board, for the master, or person acting for him, to give a receipt, and afterwards for the master, on the receipt being given up to him, to sign two, three, or even more parts of a bill of lading for the goods of each freighter acknowledged by the receipts to have been received on board. If the master or owner refuses to give a bill of lading under these circumstances, he is liable to be sued for a conversion of the goods. A shipper should raise any objection he may have to the bill of lading at the time of receiving it. If he retains it, without making an objection, he is thereby bound by its terms. A clause to this effect, "as per charter party," may bind the shipper to most objectionable stipulations; yet he cannot object to a bill of lading with such a clause if he had knowledge or notice of the charter party at the time of shipping his goods.

Where a contract of affreightment is not entered into expressly for someone else, or so as to indicate to the other party that he who makes it is only acting as agent in the matter, the person entering

into it becomes responsible for its performance, though the principal for whose benefit it was, in fact, made, may also be liable, and may be entitled to claim the benefit of it. An agent who professes to contract for a principal warrants to the other party that he has authority to do so; and if he has not the authority, he is liable to compensate the other for any loss he may sustain by being unable to enforce the contract owing to the absence of authority. When an engagement is made in England, on behalf of a foreign purchaser or principal, the presumption is that the vendor or agent contracts personally, unless there is a clear intention to the contrary.

Bills of lading are drawn in sets for the information, guidance, and security of all parties thereto, as well as to facilitate the use of them as quasi-negotiable instruments. Thus the shipper of the goods usually sends one or two of these parts of the bill to his agent, factor, or other person to whom the goods are to be delivered at the place of destination; that is, one on board the vessel with the goods, another by post, and one he retains for his own security. The master should also take care to have one for his own use and future guidance. A bill of lading is a quasi-negotiable document transferable by indorsement, and is made singly, or in sets of two, three, four, or six or even eight.

Signing Bills of Lading. Upon the bill of lading being signed, each one of the set becomes an original, and purports to be an acknowledgment that the goods specified in it have been received on board the vessel in good order and condition. Bills of lading should be signed as soon as practicable after the receipt of the goods on board, and this is, as a rule, done within twenty-four hours of such receipt. Sometimes one of the set is marked "original" and the other "duplicate." In other cases, in order to protect the shipowner from liability upon more than one part, the clause is inserted that "one of these bills of lading being accomplished, the other shall stand void," which means "that if upon one of them the shipowner acts in good faith, he will have fulfilled his contract, and will not be liable upon any of the others." The bills of lading are usually procured by the shipper and filled up by him with statements of the kinds and quantities of the goods, and the marks upon them. These are checked on behalf of the ship, and the documents are signed by the ship's agent, and delivered to the shipper in exchange for the mate's receipts. Every bill of lading made in the United Kingdom "of or for any goods, merchandise, or effects to be exported or carried coastwise," must be stamped with a 6d. stamp before signature, otherwise the person who makes or executes it becomes liable to a penalty of £5. It cannot be stamped after signature. Copies of bills of lading, or office copies as they are called, so certified, may be drawn and need not be stamped; but no person acting on behalf of the shipowner is entitled to sign such copies. There is no law to compel a shipowner to pay for stamps on bills of lading, and by the general custom of trade the shipper who presents them for signature pays for the stamps. The master of a vessel may sign bills of lading without production of the mate's receipts, if he is satisfied otherwise that the goods are on board the vessel, and has no notice that anyone but the shipper claims any interest in them; but wherever a receipt has been given for goods put on board a vessel, the master ought not to sign and deliver any bill of

lading without receiving in exchange the mate's receipt or seeing it destroyed. Where a mate's receipt for goods shipped has been given, a bill of lading issued without the shipper's knowledge will not, even in the hands of a *bond fide* indorsee for value, give any title to the goods as against the shipper, who has retained the mate's receipt, and the right of the shipper to insist on his title is not affected by a delay in applying for a bill of lading in exchange for the mate's receipt. The master or ship's agent must make out the bill of lading according to the direction of the shipper of the goods or the holder of the receipt given on the shipment, for the shipper has a right to name the consignee to be mentioned in the bill of lading, even although it may not be expressed in the receipt that the goods are shipped for his account, this being tacitly understood; and if the master signs a bill of lading for delivery to another person, and delivers accordingly, he may be answerable to the shipper for the value of the goods. When a receipt has been given by the mate, or by a person in charge at the time, for goods received on board, the person who is in lawful possession of that receipt is the person entitled to the bill of lading. Where the goods have been received on board, and the mate's receipts are produced, or, if required, an indemnity is offered where they are lost or cannot be found, the master must sign bills of lading for the goods, or put them ashore at the ship's expense, his not doing so would render the shipowner liable for all loss incurred, and also for insurance, if the vessel should be lost through not sailing at the appointed time. If a master is not permitted to sign under reservation, he should enter a protest and serve the shipper with a copy of it. When by the charter party "the master is to sign bills of lading as presented," he must sign bills of lading in whatever form, and to whatever effect he may be required to sign them.

There is nothing final or irrevocable in the nature of a bill of lading. The owner of the goods may change his purpose at any time before the delivery of the goods themselves, or of the bill of lading, to the party named in it, and may order the goods to be delivered to some other than the person named in it; but a shipper, who has laden goods on board a general ship, cannot insist on having them re-landed and delivered to him, without paying the freight which might become due for the carriage of them, and indemnifying the master against the consequences of any bill of lading which has been signed by him. A master who has signed bills of lading cannot, with prudence, deliver back such goods to the consignor, without having all the parts of the bill of lading delivered up to him; for if any one part has been transmitted to a third person, such third person may have acquired an interest in such goods. Where goods are re-landed, the owner of the goods must pay all expenses incidental to such re-landing.

A signature by procuration operates as notice that the agent has but a limited authority to sign, and the principal is only bound by such signature if the agent in so signing was acting within the actual limits of his authority. If a shipper of cargo presents bills of lading in a form which he knows the master has no authority to agree to, he cannot, by inducing the master to sign them, obtain a contract which shall be valid in his own favour against the shipowner. The shipowner is liable as a carrier

for all goods which have been delivered to him, or to his authorised servants, for the purpose of being carried. It is not necessary that they should have actually been put on board. Thus delivery to the mate on the quay, alongside which the vessel is lying, is sufficient.

Forms of Bills of Lading. It is not compulsory to use any particular form of bill of lading, nor even to use one at all, but in the latter case the contract of carriage must be collected from the announcements and arrangements that were made prior to the goods being shipped. Particular forms of bills of lading are used in certain trades, and where that is the case a shipper will be presumed to agree to accept the usual form. The same may be true of one who ships in a vessel belonging to a line where a particular bill of lading is uniformly and notoriously used for that line. Bills of lading differ greatly in detail, but they have usually certain common features, and different trades require peculiar clauses to meet their own circumstances. Bills of lading are evidence against the master or the owner of the ship not only as to the reception of the merchandise, but as to any material fact stated in them respecting the quantity or quality, or any other element in the description of the goods. It is, therefore, usual to describe them only as so many boxes, or bales, or parcels, "numbered and marked as per margin"; sometimes the words "contents unknown," or "said to contain," etc., are added; and if the words "containing," etc., are added, which is also not unusual, the master and ship are liable only to deliver the boxes as they were received by them. Bills of lading, as a rule, contain a description of the goods shipped, together with a statement of the number of packages, or of the quantity when the shipment is in bulk. Although such statements are evidence against the shipowner that goods of that kind and amount have been shipped, they are not conclusive. The shipowner may show that they are incorrect, whether the claim is made by the consignees or by indorsees, who have given full value for the goods as therein described, without knowledge of the error. The master does not, as a rule, bind the shipowner by a description in the bills of lading of the quality of the goods shipped. So far as a bill of lading is a contract, parol evidence is not admissible to vary its terms, although it is to explain any ambiguity in them. If there is any dispute at the time of signing the bills of lading, about the quantity or condition of the goods, or if the contents of casks or bales are unknown, the words of the bill of lading should be varied accordingly. By the insertion of such terms in the bill of lading, it ceases to be what is termed "a clean bill of lading." By the bill of lading the master undertakes, subject to certain excepted perils, to deliver the goods "in like good order and condition" as they had been shipped on board. If goods are delivered damaged, the shipper must give *prima facie* evidence either that they were shipped in good condition internally, or that the damage resulted from some external cause within the control of the shipowner. Where a bill of lading states that certain goods have been shipped, the shipowner is liable for their non-delivery, unless he can show conclusively that the goods were not shipped in fact.

A bill of lading is not conclusive between the shipper and the owners of the ship; but the owners may show that less goods than specified in the bill

of lading were shipped, the master, who signed the bill of lading, having been misled by the fraud of the agent of the shipper. A shipowner may, however, agree that a bill of lading shall be conclusive evidence against him of the quantity of goods shipped. Where by the charter party the bill of lading was to be conclusive evidence of the quantity shipped, but the bill of lading contained a marginal note that some of the goods had been lost before being put on board through weather, as per protest, it was held that the shipowner was not precluded from showing that some of the goods were not shipped, as the bill of lading referred to the protest, which must, therefore, be looked at.

Though the owners are generally not conclusively bound by the bill of lading statement of the quantity of goods shipped, the same is not true of the person who has signed the bill of lading.

By the Bills of Lading Act, 1855, Section 3 (2)—

"Every bill of lading in the hands of a consignee or indorsee for valuable consideration, representing goods to have been shipped on board a vessel, shall be conclusive evidence of such shipment as against the master or other person signing the same, notwithstanding that such goods, or some part thereof, may not have been so shipped, unless such holder of the bill of lading shall have had actual notice, at the time of receiving the same, that the goods had not been, in fact, laden on board: provided that the master or other person so signing may exonerate himself in respect of such misrepresentations by showing that it was caused without any default on his part, and wholly by the fraud of the shipper, or of the holder, or some person under whom the holder claims."

This section prevents the person who has actually signed a bill of lading, or the person in whose name and with whose authority it has been signed, from disputing the accuracy of its statement of the kind and quantity of goods shipped, in any proceeding between a consignee or indorsee for value and himself, unless he can bring himself within the proviso. It does not bind the shipowner when the bill of lading has been signed by his agents in their own names. A consignee of goods, or an indorsee of a bill of lading, has no right to have the value of missing goods deducted from the freight payable in respect of the goods delivered, but the consignee may counterclaim for the damages.

Indorsement of Bills of Lading. A bill of lading when indorsed and delivered with that intention to a *bona fide* indorsee for value, passes the property in the goods comprised in it. If it is a clean bill of lading, such indorsee acquires thereby an insurable interest, and a saleable subject which he may hold or transfer, or pledge as a security for advances. To entitle the indorsee of a bill of lading to sue on the bill of lading by virtue of the Bills of Lading Act, 1855, the circumstances under which the bill of lading has been indorsed must be such that the property in the goods shall have passed to the indorsee by reason of his indorsement. It is, however, sometimes difficult to tell when the property vests, it being dependent upon the evidence of intention in respect of it. An indorsee of a bill of lading has a right to sue for damage to the cargo arising from a breach of the contract contained in the bill of lading, and in the case of a foreign vessel to take proceedings *in rem*, under the Admiralty Court Act, 1861, though at the time of

the institution of the suit he has sold the cargo. If the property in the goods named in a bill of lading is in the consignor, and he, by consignment or by indorsement and delivery of the bill of lading, transfers to the consignee or indorsee the property in the goods, he transfers all his rights and liabilities under the bill of lading, but the consignor himself remains always liable for the freight, unless the shipowner or charterer agrees to discharge him from such liability. In order that the consignee or indorsee should be liable under the Act, he must be the holder of the bill of lading; but if he has assigned or indorsed the bill over, he is no longer liable upon the contract contained in the bill, but passes on to such third party all the rights and liabilities he himself had. Therefore, after the indorsee of a bill of lading, to whom the property in the goods has passed by reason of such indorsement, has passed it on by indorsement to another, before the delivery of the cargo, such indorsee does not remain liable for the freight. The holder or indorsee of a bill of lading for valuable consideration is not affected by any conditions not appearing on the face of the bill itself; and if he has no notice of any circumstance to prevent him from fairly and honestly taking the indorsement, as that the indorser is likely to fail, and not pay the price in due course, the indorsement has the effect of vesting in him the right to demand delivery of the goods. But if he knows that the indorser is insolvent, or, that no bill has been accepted for the price of the goods, or, that being accepted, it is not likely to be paid, then the interposition of himself between the consignor and consignee in order to assist the latter to defeat the just rights and expectations of the former would be an act done in fraud of the consignor's right to stop *in transitu*, and would, therefore, be unavailable to the party taking an assignment of the bill of lading under such circumstances and for such purpose.

It is not uncommon to reduce into writing the agreement between the banker and his customers as to the terms on which the bills of lading deposited by them as securities are to be held. When there is such a writing, it is, in the absence of fraud, conclusive as between the parties as to what they intended. Where goods are shipped under a bill of lading drawn in parts, to be delivered to the consignee "or his assigns, the one of which bills being accomplished, the others to stand void," the master or warehouseman who has the custody of the goods is justified in delivering to the consignee on production of one part, although there has been a prior indorsement for value to the holder of another part, provided the delivery is *bona fide*, and without notice or knowledge of such prior indorsement. The person who first gets the bill of lading (though only one of a set of three) gets the property which it represents; he need not do any act to assert his title, which the transfer of the bill of lading of itself renders complete, and any subsequent dealings with the others of the set are subordinate to the rights passed by that one. Though the shipowner or wharfinger, having no notice of the transfer of one bill of lading, may be excused for delivering the goods to a person who produces to him another bill of lading which has in reality been subsequently taken, that does not affect the legal ownership of the goods as between the holders of the two bills of lading. Where there are conflicting claims, the shipowner must not deliver to any person but the person rightfully entitled to the goods, otherwise he may

be answerable for the whole value of the goods. His proper course is to interplead (*q.v.*).

Through Bills of Lading. A carrier or contractor who makes a contract for a through journey is responsible for its complete performance, although some part of the carrying is to be done by others, unless he expressly limits his liability to his own part of the journey; but the carrier in whose possession the goods are when the breach is committed is also generally liable, if the through contract is made for his benefit, and with his authority, but he will be entitled to the benefit of the exceptions of liability which are contained in the contract.

Specimen of Bill of Lading. The following is a copy of the Chamber of Shipping, Black Sea, and Eastern Mediterranean Bill of Lading—

SHIPPED in good order and condition, by..... Pds.....
..... in and upon the good Steamship
..... now lying in the port of
..... and bound for.....
with liberty to carry a deckload, call at any intermediate port or ports for coaling, and/or loading and/or discharging, or other purpose whatsoever.

being marked and numbered as per margin, and to be delivered in like good order and condition at the port of unto or to his or their assigns, he or they paying freight on the said goods on delivery at the rate of say per unit, delivered according to the 1890 Black Sea scale, and charges, if any.

It is mutually agreed that the steamer shall have liberty to sail without pilots, to tow and be towed and assist vessels in distress, to deviate for the purpose of saving life or property; to convey goods in lighters to and from the steamer at the risk of the owners of the goods, but at steamer's expense; and in case the steamer shall put into a port of refuge for repairs, to tranship the goods to their destination by any other steamship.

The act of God, perils, dangers, and accidents of the sea, or other waters, of what nature and kind soever; fire from any cause on land or on water; barratry of the master or crew, enemies, pirates, and robbers; arrests and restraints of princes, rulers, and people; explosions, bursting of boilers, breakage of shafts or any latent defects in hull and/or machinery; strandings, collisions, and all accidents of navigation, and all losses and damages caused thereby are excepted, even when occasioned by negligence, default, or error in judgment of the pilot, master, mariners, or other servants or agent of the shipowners, but unless stranded, sunk, or burnt, nothing herein contained shall exempt the shipowner from liability to pay for damage to cargo occasioned by bad stowage, by improper and insufficient drainage, or absence of customary ventilation, or by improper opening of valves, sluices, and ports, or by causes other than those above excepted, and all the above exceptions are conditional on the steamer being seaworthy when she sails on the voyage; but any latent defects in the hull and/or machinery shall not be considered unseaworthiness, provided the same do not result from want of due diligence of the owners, or any of them, or by the ship's husband or manager.

The shipowner is not liable for loss or damage occasioned by decay, putrefaction, rust, sweat,

change of character, drainage, leakage, breakage, or any loss or damage arising from the nature of the goods or the insufficiency of packages; nor for land damage; nor for the obliteration or absence of marks or numbers; nor for any loss or damage caused by the prolongation of the voyage.

The steamer, while detained at any port for the purpose of coaling, is at liberty to discharge and receive goods and passengers.

The goods are to be applied for within twenty-four hours of steamer's arrival and reporting at the Custom-house, and to be discharged as fast as steamer can deliver during the ordinary working hours of the port, in bulk and/or bags at the receiver's option, otherwise the master or agent shall be at liberty forthwith and at any time, should delay occur in the discharge, to put the goods or any part thereof into lighters, or land same at the risk and expense of the owners thereof.

In cases of quarantine at any port, the goods destined for that port may be discharged into quarantine depôt, hulk, or other vessel, as required for the steamer's dispatch. Quarantine expenses upon the said goods, of whatever nature or kind, shall be borne by the owners thereof.

In case of the blockade or interdict of the port of discharge, or if the entering of or discharging in the port shall be considered by the master unsafe by reason of war disturbances or ice, the master may land the goods at the nearest safe and convenient port at the expense and risk of the owners of the goods, and the steamer's responsibility shall cease when the goods are so discharged into proper and safe keeping, the master giving immediate notice of the same to the consignees of the goods, so far as they can be ascertained.

The master or agent shall have a lien on the goods for freight and payments made, if any; or liabilities incurred in respect of any charges stipulated herein to be borne by the owners of the goods.

In case any part of the within goods cannot be found during the steamer's stay at the port of their destination, they are to be sent back by first steamer at the steamer's risk and expense, and subject to any proved claim for loss of market, provided the goods are properly port-marked. The steamer shall not be liable for incorrect delivery of packages, unless each of them shall have been distinctly marked by the shippers before shipment.

If the parcel herein signed for constitutes part of a larger bulk shipped without separation into parcels as per bills of lading, each bill of lading shall bear its due proportion of shortage or damage and/or sweepings, if any.

General average payable according to York-Antwerp Rules, 1890.

If the cargo cannot be discharged by reason of a strike or lock-out of any class of workmen essential to the discharge of the cargo, the days for discharging shall not count during the continuance of such strike or lock-out. A strike of the receiver's men only shall not exonerate him from any demurrage for which he may be liable under this bill of lading, if by the use of reasonable diligence he could have obtained other suitable labour, and in case of any delay by reason of the before-mentioned causes, no claim for damages shall be made by the receivers of the cargo, the owners of the steamers, or by any other party under this contract.

The shippers to and consignees of cargo for Holland, by accepting this bill of lading, expressly

waive and renounce Article 700 of the Dutch Commercial Code, and agree to contribute their proportion of general average, including damages and expenses and allowances to the steamer, even if these have been caused by the inherent vice of the steamer, by its unseaworthiness, or by the fault or neglect of the commander or the crew.

The owner and consignee of the goods and ship-owner mutually agree to be bound by all the above stipulations, exceptions, and conditions, notwithstanding any custom of the ports of loading or discharging to the contrary.

In witness whereof the master or duly authorised agent of the said steamer hath affirmed to three bills of lading, all of this tenor and date, one of which bills being accomplished, the others to stand void.

Dated in this day of, 19...
(Weight, quality, quantity, and contents unknown)

BILL OF SALE.—Whatever may have been its original meaning, the phrase "Bill of Sale" is now generally used to denote a mortgage of personal chattels. It may be either an absolute bill of sale, or it may be given by way of security for money lent; the distinguishing feature of the transaction covered by a bill of sale being that the vendor retains possession of the articles comprised in it. A moment's reflection will make it apparent why the legislature has hedged the grant of bills of sale about with restrictions. In the first place, a man in pecuniary difficulties might be induced to sign a document which he did not easily understand, and which would involve his parting with his property on onerous terms; in the second place a man might, by executing a bill of sale, assign away property of which he remained in possession, and then deceive persons inclined to give him credit. The Bills of Sale Acts have, therefore, been passed with the double object of protecting debtors and creditors.

It is proposed to deal with (a) Bills of Sale generally; (b) Absolute Bills of Sale; (c) Bills of Sale given as security for money; (d) Bills of Sale and the Law of Bankruptcy.

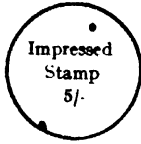
(a) **Bills of Sale generally.** It is first necessary to consider who may grant a bill of sale. Broadly speaking, any person having power to contract may be the grantor of chattels personal by bill of sale. The joint owners of goods may grant a joint bill of sale. A married woman may give a bill of sale in respect of her separate property. An executor or administrator may give a valid bill of sale over the property of his testator; while an undischarged bankrupt may apparently give a bill in respect of property acquired after the receiving order before the trustee intervenes.

Bearing in mind that the Bills of Sales Acts do not apply to any transaction the object and effect of which is to transfer possession of goods from grantor to grantee, the expression "bill of sale" includes: Bills of sale, assignments, transfers, declarations of trust without transfer, inventories of goods with receipt thereto attached, or receipts for purchase moneys of goods, and other assurances of personal chattels, and also powers of attorney, authorities, or licences to take possession of personal chattels as security for any debt, and also any agreement, whether intended or not to be followed by the execution of any other instrument, by which a right in equity to any personal chattels,

or to any charge or security thereon is conferred, but does not include the following documents, that is to say, assignments for the benefit of the creditors of the person making or giving the same, marriage settlements, transfers or assignments of any ship or vessel or any share thereof, transfers of goods in the ordinary course of business of any trade or calling, bills of sale of goods in foreign parts or at sea, bills of lading, India warrants, warehouse keeper's certificates, warrants or orders for the delivery of goods, or any other documents used in the ordinary course of business as proof of the possession or control of goods, or authorising, or purporting to authorise, either by indorsement or by delivery, the possessor of such document to transfer or receive goods thereby represented.

The "personal chattels" to which bills of sale relate include goods, furniture, and articles capable of complete transfer by delivery, and fixtures and growing crops when separately assigned or charged; but they do not include: (1) Chattel interest in real estate, nor fixtures (except trade machinery) when assigned with freehold or leasehold interest; (2) shares; (3) choses in action; (4) stock or farm produce which ought not to be removed. Growing crops may become "chattels" as soon as they are cut. All the preceding words in the above definition are qualified by the word "assurance." To be an assurance, the document must be one on which the title of the transferee of the goods depends, either as the actual transfer of the property, or an agreement to transfer, or as a muniment or document of title taken at the time as a record of the transaction. But if the transaction is complete without reference to a document, a document which merely records the transaction is not a bill of sale. For instance, where goods are pledged with a pawnbroker who gives a pawn ticket to the pledgor, the ticket is not a bill of sale, as the transaction is complete without it. The words "powers of attorney, authorities, or licences to take possession of personal chattels as security for any debt" only apply to that class of transaction in which possession remains vested in the grantor. They do not include an ordinary lease where the landlord has power to seize goods for rent in arrear; but if he has power to seize goods other than those comprised in the lease, the document giving him that power is a bill of sale. Again, they do not include a *bona fide* hiring agreement under which the owner has power to take possession of the goods if the hirer makes default in paying sums due for hire. An assignment for the benefit of creditors, in order to avoid being a bill of sale, must be for creditors generally. If made for one or two creditors, it will be a bill of sale. For instance, it was held that a document empowering the creditor to sell the debtor's property, and pay himself and certain other creditors out of the proceeds, was a bill of sale.

In addition to those named above, certain other documents are deemed to be bills of sale, *e.g.*, every attornment, instrument, or agreement, not being a mining lease, whereby a power of distress is given, or agreed to be given, by any person to any other person by way of security for any present, future, or contingent debt or advance, and whereby any rent is reserved or made payable as a mode of providing for the payment of interest on such debt or advance, or otherwise for the purpose of such security only, is deemed to be a bill of sale of any personal chattels which may be seized or taken



THIS INDENTURE made the 30th day of November one thousand nine hundred and Between John Jones of 298 Thames Street Caldron in the County of Blankshire Corn Factor of the one part and Alfred Thomas of 895 White Street Henton in the County of Whiteshire File Manufacturer of the other part

WITNESSETH that in consideration of the sum of £180 now paid to the said John Jones by the said Alfred Thomas (the receipt of which the said John Jones hereby acknowledges) he the said John Jones doth hereby assign with the said Alfred Thomas his executors administrators and assigns all and singular the several chattels and things specifically described in the schedule hereto annexed by way of security for the payment of the sum of £180 and interest thereon at the rate of 20 per cent. per annum

AND the said John Jones doth further agree and declare that he will duly pay to the said Alfred Thomas the principal sum aforesaid with the interest then due by equal monthly payments of £20 on the first day of January 1912 and the first day of each succeeding month until the said principal sum and interest shall have been paid

AND the said John Jones doth also agree with the said Alfred Thomas that he will at all times during the continuance of

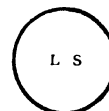
this security insure and keep the said chattels and things insured against loss or damage by fire in the sum of £180 at the least and will pay all rent to become due and payable by him in respect of the premises on which the said chattels and things or any of them now are

PROVIDED always that the chattels hereby assigned shall not be liable to seizure or to be taken possession of by the said Alfred Thomas for any cause other than those specified in Section 7 of the Bills of Sale Act (1878). Amendment Act 1882

IN WITNESS whereof the parties to these presents have hereunto set their hands and seals the day and year first above written.

Signed and sealed by the said
John Jones in the presence of me

} JOHN JONES



JAMES SMITH

395 Old Hill

Cherton

Blankshire

Solicitor's Clerk

SCHEDULE

BEST BEDROOM

Inlaid Mahogany (Sheraton) Bedroom Suite
Solid Brass Bedstead
Inlaid Mahogany Over-mantel
Tapestry Arm-chair
Brass Fender and Fire-irons
Toilet Set and China Ornaments

BEST BEDROOM—(continued)

Silver Candlesticks
Persian Carpet and Linoleum
Box Ottoman
4 Pictures

SPARE BEDROOM

Walnut Bedroom Suite
Enamelled Bedstead
Toilet Set and China Ornaments
Walnut Over-mantel
3 Pictures
Fender and Fire-irons
Carpet and Linoleum

MORNING ROOM

Mahogany Bookcase and Books
Table
Tapestry Couch
6 Chairs
Mahogany Over-mantel
Fender and Fire-irons
Carpet and Linoleum

DINING ROOM

Turkey Carpet and Rug
6 Carved Mahogany Chairs
1 Arm-chair
1 Mahogany Side-board
1 ,, China Cabinet
1 ,, Over-mantel
3 Bronze Vases
Marble Clock
Fire-screen
Fender and Fire-irons
1 Lamp
6 Pictures

DRAWING ROOM

Inlaid Mahogany Suite
Mahogany Cabinet
1 Upright Grand Piano
Marble Clock and Ornaments
Gilt Over-mantel
Card Table
Japanese Tea Service
Brass Fender and Fire-irons
Carpet
China Pot and Enamelled Pedestal
Gas Fittings
8 Pictures

PLATE

Canteen of Silver Household Plate

4 Solid Silver Vases

2	,,	,,	Frames
1	,,	,,	Soup Ladle and 2 Gravy Spoons
1	,,	,,	Mounted Jug
1	,,	,,	Cake Basket
1	,,	,,	Cream Jug
2	,,	,,	Sauce Boats
1	,,	,,	Fish Servers
1	,,	,,	Tea Service
1	,,	,,	Hot Water Jug
4	,,	,,	Cruets
2	,,	,,	Toast Racks
1 doz.	,,	,,	Fish Knives and Forks
$\frac{1}{2}$	,,	,,	Ivory Dessert do.
$\frac{1}{2}$	,,	,,	Tea Spoons
$\frac{1}{2}$	,,	,,	Serviette Rings
1	Case		Silver Mounted Carvers
2			Silver Mounted Glass Decanters

(N.B.--The above Schedule is given as a specimen of that which must be prepared and attached to the Bill of Sale. Accuracy is most essential.)

under such power of distress. This provision, however, does not extend to any mortgage of any estate or interest in any land, tenement, or hereditament which the mortgagee, being in possession, shall have demised to the mortgagor, as his tenant, at a fair and reasonable rent.

Again, an attornment clause in a mortgage of land which gives a power of distress to the mortgagee as security for payment of interest in arrear; and a stipulation in a tenancy agreement, giving the landlord power to distrain for the price of goods supplied, have been held to be bills of sale within the section. (See ATTORNMENT.)

It will have become fairly obvious to the reader that the Bills of Sale Acts are mainly confined to mortgages of personal chattels. By the Bankruptcy Act, 1914, there has been a very considerable extension of the old law, and by Section 43 of the Act of 1914 certain assignments can be made, but these assignments must be registered, otherwise they are void as against the trustee in bankruptcy if the assignor becomes bankrupt. An assignment must be registered (a) if it is made by a person engaged in any trade or business; and (b) if it affects existing or future book debts. Unless registered as a bill of sale under the Act of 1878, such a document is void as against the trustee as regards any debts not paid at the commencement of the bankruptcy, that is, the date of the act of bankruptcy upon which the petition is founded. The following, however, need not be registered: (a) an assignment of a debt or debts due from a specified debtor or debtors; (b) an assignment of a debt due under specified contracts; (c) an assignment of book debts on a transfer of a business made *bona fide* and for value; and (d) an assignment of assets for the benefit of creditors generally. A true copy of the assignment and of every schedule thereto must be presented to and filed with the Registrar of Bills of Sale within seven days after its execution. The registrar keeps a special register of assignments of book debts.

If a man settles furniture on his wife before marriage, the settlement need not be registered as a bill of sale; but it is otherwise if he does so after marriage. The object is to prevent a trader, in fraud of his creditors and other persons with whom he is dealing, turning over his property to his wife. Creditors, however, are always liable to be deprived of their security when husband and wife are living together, for a duly registered bill of sale given for valuable consideration, by which a husband assigns to his wife, for her separate use, furniture which remains in the joint possession of the husband and wife at the time of the former's liquidation, will be upheld against his creditors.

The consideration for which a bill of sale is given must be truly stated. Where it was described as the sum of £40 "now due and owing," £50 being advanced at the time, this was held not to be a true statement.

(b) **Absolute Bills of Sale.** An absolute bill of sale need not be in any particular form. In order to avoid having to register a transaction which is really an absolute bill of sale, attempts are sometimes made formally to transfer possession, but articles referred to in an absolute bill of sale are deemed to be in the "apparent possession" of the person making or giving the bill of sale, so long as they remain, or are in, or upon, any house, mill, warehouse, building, works, yard, land, or other premises occupied by him, or are used and enjoyed

by him in any place whatsoever, notwithstanding that formal possession thereof may have been taken by, or given to, any other person.

The goods, etc., comprised in an absolute bill of sale, become the property of the grantee, even though the grantor remains in possession, and the grantee can demand them, subject to any agreement subsequently made, whenever he chooses. Frequently the goods, etc., are, after a bill of sale has been executed, let by the grantee to the grantor under a hiring agreement. A judgment debtor very often defeats his judgment creditor by some such arrangement.

An absolute bill must be attested by a solicitor, so that the object of the document which he is signing shall have been made quite plain to the grantor. It must also be registered and attested, and must set forth the consideration, otherwise it may be void against certain persons.

The persons against whom an unregistered bill is void are: (a) Trustees or assignees of the grantor in bankruptcy; (b) trustees under any assignment for the benefit of the creditors; (c) sheriff's officers or other persons seizing the chattels in the execution of process of court; and (d) every person on whose behalf such process has been issued. Such a bill, however, is good as between grantor and grantee. Chattels comprised in an absolute bill duly registered are not in the order and disposition of the grantor. In this regard an absolute bill differs from a bill given as security for money. (As to the significance of this, see REPUTED OWNERSHIP.)

The following is a form of absolute bill which embodies all the proper characteristics—

This Indenture, made the 1st day of December, 19... between Abel Judge, of Oak Mill, Chertown, in the County of Blankshire, miller (hereinafter called the grantor) of the one part, and Ralph Brown, of 28 Short Street, Chertown, in the County of Blankshire, contractor (hereinafter called the grantee) of the other part. Whereas the grantor has agreed with the grantee for the absolute sale to the grantee of the machinery and plant specified in the schedule hereunder written for the sum of £100. Now this indenture witnesseth that, in pursuance of the said agreement, and in consideration of the sum of £100 paid by the grantee to the grantor (the receipt whereof the grantor hereby acknowledges) he, the grantor, as beneficial owner, doth hereby convey and assign unto the grantee all and singular the said machinery and plant to hold the same unto the grantee, his executors, administrators, and assigns absolutely.

In witness whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written.

Signed, sealed, and delivered by the said Abel Judge in my presence, the effect of the above written bill of sale having been explained to the said Abel Judge before his execution thereof by me, the attesting solicitor, John Orchard.

ABEL JUDGE.

JOHN ORCHARD,
400, Clement's Lane, W.C.

(SCHEDULE.)

(c) **Bills of Sale given by way of Security for Money.** By far the most common form of bill of sale is that by which a man seeks to obtain a loan on the security of his furniture or goods. Such a bill of sale must comply with a certain statutory

form; and in order to comply with this requirement, it is always wise to consult a solicitor. Attempts are frequently made to draw up an agreement which will give the lender of the money security without the necessity of registration; but the legislature and the courts have been very vigilant to prevent the mortgage of personal chattels otherwise than by means of a document, which must be registered as a bill of sale.

The form which must be followed in drawing a bill of sale of this kind is as follows—

This Indenture made the 15th day of May, 19... between John Macer, of Hill Farm, Shenfield, in the County of Essex, farmer, of the one part, and William Jones, carrying on business at 45, Orchard Street, Chepstow, butcher, of the other part, Witnesseth, that in consideration of the sum of £100 now paid to John Macer by William Jones (the receipt of which the said John Macer hereby acknowledges), he the said John Macer doth hereby assign unto the said William Jones, his executors, administrators, and assigns, all and singular the several chattels and things specifically described in the schedule hereto annexed, by way of security for the payment of the sum of £100 and interest thereon at the rate of 6 per cent. per annum. And the said John Macer doth further agree and declare that he will duly pay to the said William Jones the principal sum aforesaid, together with the interest then due, by equal quarterly payments of £25 on the usual quarter days commencing June 24th, 1919. And the said John Macer doth also agree with the said William Jones that he will, at all times during the continuance of this security, insure and keep the said chattels and things insured against loss and damage by fire in the sum of £100 at least. And will pay all rent to become due and payable by him in respect of the premises on which the said chattels and things or any of them now are. Provided always, that the chattels hereby assigned shall not be liable to seizure or to be taken possession of by the said William Jones for any other cause than those specified in Section 7 of the Bills of Sale Act (1878) Amendment Act, 1882.

In witness whereof, the parties to these presents have hereunto set their hands and seals the day and year first above written.

Signed and sealed by the said John Macer, in the presence of me, James Smith, of 79, Norbury Street, in the City of London, clerk.

JOHN MACER.

JAMES SMITH

(SCHEDULE.)

Unless a bill of sale given by way of security complies—in all essentials—with this form, it is void absolutely against the grantor and his creditors. The objects of the form are, in the first place, to insure that the borrower shall understand the nature of the obligations into which he enters, and that any one of his creditors, on searching the register of bills of sale, may understand the borrower's position without legal assistance. It is not necessary to use the exact words of the form; but a bill is void if it departs from the form in anything which is characteristic of it. For instance, if there is a collateral agreement forming part of the transaction which is not annexed to the form, the bill of sale is void. It should be mentioned, however, that there are certain agreements giving a security over personal chattels which need not comply with the form.

Thus an agreement giving a power of distress, whereby any rent is made payable as a mode of providing for the payment of interest on a debt or an advance, need not be in the form.

The following points should also be noticed.^c The grantee must be described in some way. It is not sufficient to give merely his name. There must also be an accurate description of the attesting witness. The amount of money for which the bill is given must be a sum certain, although it need not pass at the date of the bill. But it must be carefully borne in mind that a conditional bill of sale made or given in consideration of any sum under £30 is void. With regard to the schedule, the Act of 1882 provides that a bill shall be void (except as against the grantor) in respect of any personal chattels not specifically described in the schedule. It follows that the schedule must enumerate the chattels which are given in security. It would not do to say: "The furniture at 14, Bayswater Crescent," although as against the grantor the bill would operate to enable the grantee to seize the furniture at 14, Bayswater Crescent.

An exception to the rule as to specific statement of chattels in the schedule occurs in the case of growing crops, fixtures, and trade machinery, which are brought on to the grantor's premises to replace fixtures or machinery which may be removed.

Another important point is that the grantor must be the true owner of the goods; for a bill of sale is void, except as against the grantor, in respect of any personal chattels specifically described in the schedule thereto, of which the grantor was not the true owner at the time of the execution of the bill. For instance, if a man gave a bill over goods which really belonged to his wife, or of which he was joint owner with his wife or anyone else, he would not be the true owner.

The form must state a definite principal sum and must also comprehend interest. Interest may be payable by agreed instalments, and may be payable by the month or year or at other stated intervals. As to the covenants which may be inserted in the bill, those which are framed to maintain the security are legitimate. For instance, in a bill of sale given in respect of household goods, a covenant whereby the grantor undertakes to replace any articles worn out by others of equal value is legitimate, because it is a covenant for payment; and a covenant to pay "on or before" a certain date, with a provision for the defeasance of the security, at the grantor's option, at an earlier date, accords with the form.

The provisos for seizure, under which the grantee can take possession of the goods, etc., of the grantor in the case of a conditional bill of sale, are incorporated in the form by the reference to Section 7 of the Bills of Sale Act of 1882. The grantee may seize in the following circumstances—

(1) *If the grantor makes default in payment of the sum or sums of money secured by the bill at the time provided for payment, or in the performance of any covenant or agreement contained in the bill, and necessary for maintaining the security.* It is not necessary for the grantee of the bill to make any demand for payment on or shortly before the days which are mentioned in the bill. If a bill of sale holder chooses to enlarge the time for payment, a default under the terms of the deed will not justify a seizure.

(2) *If the grantor becomes a bankrupt, or suffers the goods to be distrained for rent, rates, or taxes.*

In the High Court of Justice.

KING'S BENCH DIVISION.

I, *Joseph Johnson*,
of *396 Upper Thames Street, in the County of London, Warehouseman*,
make Oath and say as follows :—

1. The paper writing hereto annexed and marked *A* is a true Copy of a ~~Bill of~~ *Bill of* Sale, and of every Schedule or Inventory thereto annexed or therein referred to, and of every Attestation of the execution thereof, as made and given and executed by *Alfred Robinson, of 895 Strand, in the County of London, Hotel Proprietor*,

2. The said Bill of Sale was made and given by the said *Alfred Robinson* on the *31st* day of *October*, *19--*.

3. I was present and saw the said *Alfred Robinson* duly execute the said Bill of Sale on the said *31st* day of *October*, *19--* and I duly attested his execution thereof.

4. The said *Alfred Robinson* resides at ⁽¹⁾ *895 Strand, in the County of London*, and is ⁽²⁾ *a Hotel Proprietor*

(1) State residence of Mortgagor or Assignor at time of swearing Affidavit.
(2) State Occupation of Mortgagor or Assignor.

5. The name *Joseph Johnson* subscribed to the said Bill of Sale as that of the Witness attesting the due execution thereof is in the proper handwriting of me this Deponent, and I reside at *39 Bland Street, Hulborough, in the County of Whiteshire*, and am ⁽³⁾ *a Warehouseman*.

(3) State Occupation.

Sworn at *378 Chancery Lane*,
in the County of London,
the *1st* day of *November*, *19--* } *Joseph Johnson.*

Before me,

John Twist,

A Commissioner for Oaths.

This Affidavit is filed on behalf of *T*

the Grantee of the said Bill of Sale.

While a grantee may obtain all the advantages of a secured creditor in the bankruptcy of the grantor, the occurrence of the bankruptcy may have a very prejudicial effect on the grantee's security. This is for the reason that chattels comprised in a bill of sale given after the commencement of the Act of 1882, by way of security for the payment of money, are in certain cases subject to the reputed ownership clause of the Bankruptcy Act. (See REPUTED OWNERSHIP.)

(3) *If the grantor fraudulently either removes or suffers the said goods or any of them to be removed from the premises.* As the value of a bill of sale rests on the fact that it provides a security for an advance, any attempt to tamper with or remove the security enables the grantee to protect himself by instant seizure. Mere removal will not be sufficient; it must be shown to be with intent to deprive the mortgagee of his remedy. Where, however, the effect of the removal would be to deprive the mortgagee of his security, and leave him merely to enforce his remedy by action, it seems that the removal may be within the sub-section.

(4) *If the grantor does not, without reasonable excuse, upon demand in writing by the grantee, produce to him his last receipts for rents, rates, and taxes.* This clause is important, when it is remembered that during the five days, when the goods must remain on the grantor's premises, the landlord and the tax collector may come in and distrain. As to what is reasonable excuse for not producing the receipt, the fact that a grantor did not produce a receipt for rent which had only become due a few days, and of which the landlord had not yet required payment, was held to be a reasonable excuse.

(5) *If execution has been levied against the goods of the grantor under any judgment at law.* Levy need not extend only to the goods mentioned in the bill of sale. Thus a man might give a bill of sale over the furniture in his bedroom, while the person levying execution might seize the furniture in the drawing room. Such a seizure would be a levy within the meaning of the section. The term "judgment" may include every order of the court or a judge, in any cause or matter which may be enforced in the same manner as a judgment to the same effect.

The grantor is entitled to possession of the goods comprised in a bill of sale, subject to what has been said above with regard to seizure. He cannot, however, sell the chattels comprised in the bill. If a seizure is made improperly by the grantee, application may be made to a judge of the High Court to restrain proceedings.

While the bill protects the goods comprised in it from an ordinary execution, it does not protect the grantor against a warrant for the recovery of taxes or poor rates. Nevertheless, it protects goods from liability to execution under a judgment for rates. The goods comprised in a bill of sale may be held to be within the reputed ownership of the grantor under such circumstances that he will be held to be the true owner, and this even after an event has happened which would justify the grantee in exercising his right of seizure. In the result they will vest in his trustee in bankruptcy if he becomes insolvent. This is a risk to which every person who advances money on a bill of sale is always exposed.

The execution and attestation of a bill of sale is a matter to which special attention must be given, as it is hedged about with formalities. Execution must be attested by one or more credible witnesses

who are not parties to the bill, and the witness must give his name, address, and description. That this section is strictly construed appears from a case in which a bill of sale was actually held void because the witness signed his name without adding his address or his description. If he has no occupation the fact should be stated.

(d) *Registration of Bills of Sale.* Bills of sale, whether they are absolute or given by way of security, must be registered; but there are important distinctions to be observed in the registration. Every absolute bill must be attested and registered within seven days of execution, otherwise it is deemed fraudulent and void as regards the property and right to possession of any chattels comprised therein, which were in the possession or apparent possession of the grantor. It must be attested by a solicitor, and the attestation clause must state that the effect of the bill has been duly explained by the solicitor to the grantor. A bill of sale given by way of security must be registered within seven clear days after execution, and must set forth the consideration, otherwise it is void absolutely as regards the goods mentioned therein. Thus the grantee has no title to the chattels mentioned in an unregistered bill, even if he has taken possession.

The bill, together with any schedule annexed to it, must be registered. A copy of the bill and schedule is filed, together with an affidavit stating the time when the bill is made or given, its due execution and attestation, and a description of the residence and occupation of the person making or giving it, and of every attesting witness. This affidavit must be drawn with great care. The object of registering all these particulars is that there shall be no difficulty in identifying the person who gave the bill. To enter the name "John Jones" would tell the public little, but to describe him as "John Jones, butcher, 15, St. Mary Axe," would insure his being distinguished from other persons of the same name.

The stamps on absolute bills of sale are on the same scale as those on conveyances of property, and on conditional bills of sale as on mortgages. (See STAMPS.) The stamps are impressed ones. The other fees payable are as follows—

	£	s.	d.
On filing, where the consideration does not exceed £100	0	5	0
Above £100 and not exceeding £200	0	10	0
Above £200	1	0	0
Re-registration	0	10	0
Fiat of satisfaction	0	5	0
Request for search and certificate	0	5	0

Any defeasance, condition, or declaration of trust to which the bill is subject is deemed part of the bill, and must be entered on the same paper and registered therewith; otherwise the registration is void.

Registration must be renewed once, at least, every five years; and if a period of five years elapses from the registration or renewed registration, without a renewal or further renewal, as the case may be, the registration becomes void. The rights under a bill of sale may be transferred. There is no need to register the transfer.

Provision is made for making good accidental errors in the registration, etc., of a bill of sale. Thus if a judge of the High Court is satisfied that the omission to register a bill of sale, or a renewal

thereof, within the prescribed time, or any omission or mis-statement of the name, residence, or occupation of any person, was accidental, or due to inadvertence, he may direct the entry to be rectified on such terms as he may think fit to direct.

(e) **Bills of Sale and Bankruptcy.** The grant of a bill of sale by a person who is, or who is about to become, bankrupt opens up certain interesting questions in relation to the law of bankruptcy. In the first place, the person who obtains a bill of sale may be in the position of a secured creditor of the person who granted the bill. (See SECURED CREDITOR.) Again, a bill of sale may constitute a fraudulent preference. (See FRAUDULENT PREFERENCE), and as such it may be void against the trustee in bankruptcy; or it may be an undue preference sufficient to prevent the bankrupt from obtaining his discharge. (See UNDUE PREFERENCE.)

A bill of sale may also be a fraud upon creditors on the ground that it amounts to a fraudulent assignment of his goods by a debtor. Thus, if a debtor owned nothing but the property comprised in a bill of sale, the grant of that bill in consideration of a pre-existing debt would be fraudulent and an act of bankruptcy. It would be otherwise, however, if the bill only affected a small part of the debtor's property, or if good consideration was given for the bill of sale. The theory is that in such case the creditors obtain a *quid pro quo* for the property which is assigned away. In considering whether a bill of sale is a fraudulent preference, it is necessary to inquire (a) was the grantor unable from his own money to pay his debts as they became due? (b) did he give the bill with a view to prefer the creditor? So, if a debtor gives to his creditor a bill of sale in pursuance of a binding contract, or in consequence of apprehended civil or criminal proceedings, or to avoid a distress, or in consequence of a demand or pressure by the creditor, without collusion, the transfer will not necessarily constitute a fraudulent preference.

Subject to the above provisions as to fraudulent preference, a bill of sale is not affected by bankruptcy, provided: (a) The bill is given before the date of the receiving order; (b) the person in whose favour the bill is given has not at the date of the bill notice of any available act of bankruptcy committed by the bankrupt before that time.

Bills of Sale at Common Law. Although the conditions prescribed by the Bills of Sale Acts are fulfilled, the document may yet be treated as fraudulent and void. Credit is given to a man because, to all appearances, he is a man of substance. The owner of a business will have a large quantity of stock upon which a creditor may naturally rely, should the debtor get into difficulties. If it were possible for a man to assign all his goods and effects by a secret agreement, one of the terms of that agreement being that the assignor should be entitled to retain possession of the goods for the time being, persons dealing with the assignor might be misled. It was early recognised that assignments made in this way ought to be held void. In *Twyne's Case*, 1601, 1 Sm. L.C. 1, the signs and marks of fraud were there declared to be: (1) The generality of the gift, i.e., the giving of all or nearly all, the debtor's property; (2) the donor's continuance in possession; (3) the secrecy of the transaction; and (4) that it was made pending the writ. So if A, sued by B, were to assign all the goods in his house to C, the assignment would in all probability be declared void as against B; and

the fact that the assignment was carried out by a valid bill of sale would be no protection.

Lord Coke, advising those about to take an assignment of this kind, said (in the case above-mentioned): "Let it be made in a public manner, and before the neighbours, and not in private, for secrecy is a mark of fraud. Let the goods and chattels be appraised by good people to the very value, and take a gift in particular satisfaction of your debt. Immediately after the gift take possession of them, for continuance in possession in the donor is a sign of trust."

In the case of a bill of sale, however, continuance in possession until an execution or bankruptcy creates a strong though not conclusive presumption of fraud, for if goods are absolutely assigned by one person to another, why should the assignor remain in possession? In the case of a conditional bill, however, continuance in possession, when consistent with the deed, is not even *prima facie* evidence of fraud, unless such possession is a contrivance to defraud creditors.

It should be pointed out, of course, that a transaction covered by a bill of sale lacks the element of secrecy which was one of the badges of fraud in *Twyne's Case*.

BILL OF SALE OF SHIP.—Beneficial interests in British ships may be transferred by any form of contract, and such contract may be enforced in the same way and to the same extent as any contract relating to the sale of other personal property, subject to the right of persons registered as owners to confer a good title; but to entitle a person to be registered as owner of a ship already registered as a British ship, or a share therein, such ship or share must be transferred to him by bill of sale in the form prescribed by the Merchant Shipping Act, 1894. The provision is that a registered ship or any share therein, when disposed of to persons qualified to be owners of British ships, must be transferred by bill of sale containing such a description as is contained in the surveyor's certificate, or some other description sufficient to identify the ship to the satisfaction of the registrar, and executed by the transferor in the presence of one or more witnesses. The bill of sale must be in the form given in the schedule to this Act. The transferee of a registered ship or a share therein is not entitled to be registered as owner until he has made a declaration of transfer. In the case of a transfer to a corporation, the declaration may be made by the secretary or other officer of the corporation authorised by them for the purpose. The declaration of transfer contains a statement of the qualification of the transferee to own a British ship, and a declaration that to the best of knowledge and belief of the person making the same, no unqualified person or body of persons is entitled as owner to any legal or beneficial interest in the ship or any share therein. The bill of sale and the declaration of transfer must be produced to the registrar of the ship's port of registry, who is thereupon to enter in the register book the name of the transferee as owner and indorse the fact of such entry, and the day and hour thereof on the bill of sale. All bills of sale are to be entered in the order of their production to the registrar. The execution of the bill of sale, under hand and seal, must be in the presence of the person or persons who attest it, and mere acknowledgment of the signature and seal before the witness will not suffice. One witness to the execution is enough. The statutory bill of sale

does not require a stamp. If any material alteration of this instrument is made, after it has been executed, by a party to it, or even by a stranger, while it is in the party's custody, he cannot enforce it against parties who have not assented to the alteration, notwithstanding the absence of fraudulent intention, but if the alteration is of an immaterial part, or if it is to correct a mistake, so as to make the instrument express the original intention of the parties, the instrument is not vitiated thereby. There is no provision in the Merchant Shipping Act, 1894, enacting that a registered bill of sale is effectual to pass the property as against all persons whatsoever, and to all intents and purposes, but it is provided that, whilst no trusts can be entered on the register book, and the registered owner of a ship or share has absolute power to dispose of the ship or share, interests arising under contract or other equitable interests may be enforced by or against owners and mortgagees of ships in respect of their interest therein in the same manner as in respect of any other personal property. The effect of these provisions is to recognise the existence of unregistered interests in British ships and registered ownerships in trust for partnerships and persons not named on the register, thus making the registered owner personally responsible for breach of trust to a court of equity, but without prejudice as respects *bona fide* purchasers not implicated in the fraud or breach of trust to any title derived by them from him. A registered owner desirous of selling or mortgaging his ship at any place out of the country in which her port of registry is situated, can obtain from the registrar a certificate of mortgage or sale; but only for the sale of the entire ship. Before a certificate of mortgage or sale is granted, the applicant shall state to the registrar, and the registrar shall enter in the register book, the following particulars: (i) The name of the person by whom the power in the certificate is to be exercised, and in the case of a mortgage the maximum amount of charge to be created, if it is intended to fix any such maximum; and in the case of a sale, the maximum price at which a sale is to be made, if it is intended to fix any such minimum. (ii) The place where the power is to be exercised, or if no place is specified, a declaration that it may be exercised anywhere. (iii) The limit of time within which the power may be exercised. The above particulars are to be entered in the register book, and a statement of them is to be made in the certificate, together with an enumeration of any mortgages affecting the ship. Any sale made under the power must be by bill of sale, and, if made *bona fide* and for valuable consideration, is valid, even if the person giving the power is dead before the sale; and if the certificate contains a specification of the place at which, and a limit of time not exceeding twelve months within which, the power is to be exercised, a mortgage made in good faith to a mortgagee without notice shall not be impeached by reason of the bankruptcy of the person by whom the power was given. The Act contains a provision for the re-registration of the ship when sold abroad in case of sale to a person qualified to own a British ship, and for the transmission of the certificates of sale and registry to the registrar of the ship's original port of registry, who is required to enter a memorandum of the sale in his register book and close her registry at that port. In the case of a sale to a person not qualified to be the

owner of a British ship, the bill of sale by which the ship is transferred, the certificate of sale, and the certificate of registry shall be produced to a registrar or British consular officer, and that registrar or officer shall retain the certificates of sale and registry, and, having indorsed thereon the fact of that ship having been sold to a person not qualified to be the owner of a British ship, shall forward the certificates to the registrar of the port appearing on the certificate of registry to be the port of registry of that ship; and that registrar shall thereupon make a memorandum of the sale in his register book, and the registry of the ship in that book shall be considered as closed, except so far as relates to any unsatisfied mortgages or existing certificates of mortgage entered therein. Failure to produce the above documents in the case of the sale to a person not qualified to own a British ship results in the purchaser being considered by British law as having acquired no title or interest in the ship, and entails upon the vendors a penalty. If no sale is made under the power, the certificate is to be delivered to the registrar who granted it to be cancelled. On proof at any time to the satisfaction of the Commissioners of Customs that a certificate of mortgage or sale is lost or destroyed, or so obliterated as to be useless, and that the powers thereby given have never been exercised, the registrar may issue a new certificate, or make the necessary entries, as if the certificate had not been lost. Provision is made for the revocation of such certificates.

The *grand bill of sale* is the original conveyance from the builder to the purchaser.

BILL OF SIGHT.—(See BILL OF ENTRY.)

BILL OF STORE.—A form of entry permitting the re-importation of British goods, within five years of their exportation, without being subjected to the duties and general conditions applicable to foreign goods. The Commissioners of Customs must be satisfied that the goods are of British origin. All foreign goods on re-importation are liable to the same duties, regulations, etc., as on their first importation. It is immaterial that the duties were paid and the regulations observed on their first entrance into the country.

BILL OF SUFFERANCE.—A licence formerly granted at the custom-house to a merchant, suffering him to trade from one English port to another without paying custom dues upon dutiable goods actually on board.

BILLS PAYABLE BOOK.—(See BILL BOOKS.)

BILLS RECEIVABLE BOOK.—(See BILL BOOKS.)

BILL, VICTUALLING.—This is a licence which is granted to ships to carry such stores as are necessary for a voyage free of duty. The licence is obtained from the Custom House authorities.

BIMETALLISM.—Long after the precious metals were adopted as the intermediate commodity which intervened between the acts of selling and of buying, they, like other commodities, passed from hand to hand by weight. Abraham weighed out the shekels of the "current money of the merchants" to pay for the cave which he destined for the family vault; and our pound was at first a definite weight—240 pennyweights of standard silver. It marked a great advance when the silver or the gold, having been coined by governments into pieces of uniform weight and quality, passed by tale and not by weight. Individual traders were then saved the intolerable inconvenience of assaying and weighing at every transaction the metal tendered in payment. But

for a long period, the relation between the two metals which were peculiarly adapted for the monetary medium, was a fluctuating one. In England, silver alone was for many centuries the standard money: gold was a merchandise of which the price in silver gradually rose from one oz. for ten to one oz. for about fifteen or sixteen. Constant attempts were made by successive governments to fix on a *stable* ratio between the values of gold and silver. That is, a further great step towards simplicity in monetary matters was essayed, *of establishing an unvarying relation between the metals* which were to serve as the circulating medium. And at first sight it would appear an advantage to have two metals serving as standard money, the more costly for larger payments, and the cheaper one for smaller; and at the outset they have usually been so employed indiscriminately. But the efforts of isolated governments to fix a ratio have invariably been failures. For, though gold and silver are the commodities least variable in value, they are not invariable; and they may not vary to the same extent nor in the same direction. If, after being rated, one metal fell in value relatively to the other, it would be to the interest of payers to pay in the metal which was legally current at more than its market value. "Gresham's Law" would operate, and the other metal would betake itself to a more favourable market, or assume a more advantageous form than coins. If by throwing twenty shillings into the melting-pot or by sending them across the Channel, more than a sovereign could be obtained for them, there would be no lack of people to melt or to export the coins. The money of the country would hardly ever consist of both metals; but of the one alone which best suited the interests of the debtors. The standard would be constantly liable to change from one to the other metal, and the public would lose at each derangement the expense of coinage on the metal which fell out of use. The standard money would, therefore, appear to be liable to more frequent fluctuations when two than when one metal is legal standard. The variation is usually in the direction of depreciation, the metal which is too highly rated becoming the sole standard. If the values of the *two* metals rise, payments would be made in that which has risen the least.

France is now the typical instance of a country having, at any rate nominally, a bimetallic currency; but, as will be shown in the article dealing with monometallism, gold is now the actual standard of the whole commercial world.

The essentials of a bimetallic system are: (1) *Both gold and silver are standard money*; they are legal tender to any amount. Thus, in our country silver is legal tender only to the amount of forty shillings; a silver coin is a *token coin*, a representative of value rather than value itself. In France, the five-franc pieces are, indeed, legal tender to any amount, but these are now no longer coined, the curious result being that the sole silver coin not now issued is the only one that possesses unlimited power of freeing from debt. (2) *There is free and unrestricted coinage of both gold and silver*. In our system gold alone is minted freely and in unlimited quantity on the application of any holder, silver is coined only in response to the needs of the country for the subsidiary coinage, and no person may demand that his pound of silver be turned into a pound of silver coins. Here, again, the French system departs from what is strictly bimetallicism: the Mints are

not open to silver as they are to gold. (3) *Gold and silver exchange for each other at a fixed valuation*. One metal is not a merchandise, the value of which is measured by the coins of the other, as gold is in India, and as it was in our country for many centuries. Thus, before 1816, when we definitely adopted the single standard of gold, the ratio between gold and silver was 1 to 15½, the ratio which still persists in France; that is to say, since

$$\frac{17}{10\frac{1}{2}} \div \frac{20}{240}$$

the ounce of gold is coined into $3 + \frac{1}{20} + \frac{1}{240}$

sovereigns, the price of the ounce of gold was fixed

at $\frac{1}{15\frac{1}{2}}$ of this sum, i.e., at 60½ pence approximately.

The difficulties connected with bimetallicism have been increased owing to the rapid advance in the price of silver during the last decade. In 1911 the price of silver was about 24d. per ounce, and the ratio between gold and silver was about 1 to 35. In the latter part of 1919 the price had risen threefold, and the ratio was less than 1 to 12. With such fluctuations it is not easy to see how any international agreement could maintain a fixed ratio, and it would be the excess of temerity to attempt to summarise the arguments adduced or to dogmatise upon so thorny a subject.

We discarded bimetallicism definitely in 1816, though signs of a disaffection towards silver had been apparent before. In 1774, for example, an Act limited the legal tender of light silver to £25, and silver had already dropped into the position of a subordinate money. Our example was followed only after a very long interval by the other great commercial nations; and one among the many strange explanations of the greatness of England was that which ascribed it to her gold standard.

BIRD SKINS.—The skins of small, tropical birds are imported into Europe in very large quantities for use in millinery. An active trade is carried on in birds of paradise and Impeyan pheasants from the East Indies, but the greatest demand is for humming birds and tanagers, the latter being American birds of the finch and sparrow species.

BIRTHS AND DEATHS REGISTRATION.—An Act was passed in the fifty-third year of George III (1812) directing officiating ministers in England how to keep registers of births, marriages, and deaths. The registers were to be of public and private baptisms and burials, solemnised according to the rites of the Church of England and Ireland. The registers were to be kept by the rector, vicar, curate, or officiating minister in every parish. The form of the register of baptism is as follows: When baptised, child's Christian name, parents' Christian and surnames, abode, quality, trade, or profession; by whom the ceremony was performed. The burial is registered as follows: Name, abode, age, by whom the ceremony was performed. No fee is to be demanded for baptising or registering baptisms.

The Births and Deaths Registration Act, 1836, sought to provide a complete register of births and deaths in England. The Act established a General Register Office to be situated in London, and created a Registrar-General. It is the duty of the Registrar-General to submit once a year to a Secretary of State a general abstract of all births, marriages, and deaths which have occurred in the year. It is the duty of the guardians of the poor to arrange all parishes into districts, consisting of one or more

parishes, and to appoint a registrar for each district, together with an office in which the registers are to be kept. The Registrar-General must supply the necessary registration books to the local registrars, together with forms for the certified copies of the entries made. Four times a year the district registrar must send a certified copy of all entries made by him, so that the same may be kept by the Registrar-General.

Searches. Every rector, vicar, curate, district registrar, or registering officer must allow searches to be made in the register books kept, and shall give a certified copy on demand. The fees to be charged are: For a search of one year, 1s.; for every additional year, 6d.; for every single certificate, 2s. 6d. The Registrar-General in London shall have all names indexed, and shall allow searches, and give certified copies. The searches may be made between 10 a. m. and 4 p. m. on every day except Sundays, Christmas Day, and Good Friday. The fees to be charged are: For a general search, 20s.; for a particular search, 1s.; for a single certified copy, 2s. 6d. If the date is known, therefore, the total cost is 3s. 7d., the additional penny being the charge for the stamp required. A certified copy bearing the seal of the general registry office will always be received as evidence of the fact of a birth or death.

Particulars of a Birth and Death. The particulars of a birth registered under the Act are: When born, name, if any, sex; name and surname of father; name and maiden surname of mother; rank or profession of father; signature, description, and residence of informant; when registered; signature of registrar; baptismal name, if added after registration of birth.

The particulars of a death certificate are: When died; name and surname, sex; age; rank or profession; cause of death; signature, description, and residence of informant; when registered; signature of registrar. By an amending Act passed in 1837, it was made lawful for the Registrar-General to insert the place of birth or of death in the register if he should think fit. Power was further given to the Registrar-General to unite districts for the purposes of registration, and to put a superintendent registrar over them. On the other hand, the Registrar-General could divide or alter districts. If guardians of the poor should fail to appoint local registrars of births and deaths, the Registrar-General could do so. It falls upon the guardians to provide the register offices.

In 1840 an Act was passed giving authority to the Registrar-General to receive all registers of births and deaths into his keeping, when such registers were non-parochial. All these registers were declared to be legal evidence, and certified copies of any of them will be accepted in the King's Courts. A non-parochial register would be a record of baptisms and marriages at such places as the Fleet prison and at the prison of King's Bench. These are merely typical cases to show what is meant by a non-parochial register. The result of the Act of 1840 was that the Commissioners appointed to receive non-parochial registers, reported in 1857 that they had received 292 non-parochial registers, and that 265 of them were faithful. These registers were duly ordered to be deposited with the Registrar-General by an Act of 1858.

How to Register. No further legislation was enacted until 1874, when the Registration of Births and Deaths Act was passed. The salient commands

of this Act must be known by all citizens, and will now be summarised: Information must be given to the registrar of every child born alive. The information must be given within forty-two days of the birth of the child. The persons who must give the information are the father or the mother of the child, or the occupier of the house where the child was born, or some person present at the birth, or the person having charge of the child. Whoever gives the information to the registrar must sign the register in the presence of the registrar.

If the birth of a child has not been registered within forty-two days, the registrar may give notice in writing to any person qualified to do so, requiring such person to attend personally before the registrar within seven days of the receipt of the notice, and within three months of the birth, so that the terms of the Act may be complied with. If anyone should find a living new-born child exposed, notice must be given to the registrar within seven days. The registrar must not charge a fee for registering a birth, unless he goes by request to the house to do so where the child was born. If the child is not registered within three months of its birth, the required parties must attend before the registrar and superintendent registrar and state the facts, make a solemn oath, and sign the register. After twelve months the birth can only be registered by the authority of the Registrar-General. Special fees are payable in cases of late registration. The penalty for disobedience to these regulations is £10.

If a person removes out of the district after a birth and before registration, the registration must be made in the new district. The father of an illegitimate child shall not have his name entered upon the register, unless at the joint request of the mother and of himself. In this case, both father and mother sign the register. In practice, illegitimate children are generally registered in the name of the mother. Where the name of a child is entered on the register, and is afterwards altered, or where it is afterwards desired to add the name of the child to the register, the same may be done on payment of the fee. Where a name is given to a child without its being baptised, the name may be entered upon the register. The baptismal certificate must be produced, and must be signed by the minister or person who baptised the child, as well as by the father, mother, guardian, or other responsible person. The minister is entitled to charge 1s. for the certificate.

By an Act passed in 1907, in addition to registration, there is now required a notification of a birth within thirty-six hours of its occurrence, no matter whether the child is alive or dead. The Act, however, applies only to those districts in which it has been adopted by the local authority.

Births at Sea. If a child is born at sea, this provision of entering the baptismal name upon the register will also apply; otherwise the following special rules apply: The captain or other person in command of a British ship at sea must enter the birth of a child on board his ship in his log-book, and when he arrives at a port in the United Kingdom he must send the particulars to the Registrar-General of Shipping and Seamen in the form provided as follows: Date of birth; name, if any; sex; name, surname, rank, profession, or occupation of father; name and surname and maiden surname of mother; nationality; and last place of abode of father and mother. This rule applies to a non-British ship, if she carries passengers to or

from a port of the United Kingdom. If the report of the birth is made out of the United Kingdom, it may be made to the shipping master or collector of customs at a port within the King's dominions; or, if the place is a foreign port, then to the British Consular officer.

Scotch and Irish Subjects. When the father or the mother, in the case of an illegitimate child, is a Scotch or Irish subject, a copy of the record of the birth must be sent to the Registrar-General of Scotland or of Ireland. If a birth occurs upon one of His Majesty's ships, the captain or other officer in command must make a return to the Registrar-General. Births at sea are all finally recorded in the marine register-book.

The penalty for not complying with the Act, or not answering any proper question put by the registrar, is 40s for each offence. If any false statement is made concerning the birth, or if any certificate is forged or falsified, the penalty is £10, or, in serious cases, a term of imprisonment, or of penal servitude.

Fees. The fees to be paid for registering a birth at the house when required are 1s.; when the child is more than three months old and less than twelve months, to the superintendent registrar and the registrar, 2s. 6d. each. If the child is more than twelve months old, to the superintendent registrar and the registrar, 5s. each; for taking and transmitting particulars of a birth in another sub-district to the registrar, 2s. For entering the baptismal name or the non-baptismal name upon the register, to the superintendent registrar, 1s. Correction of error in register, to the superintendent registrar, 2s. 6d.; for a general search, 5s.; for a particular search, 1s.; for a certified copy of an entry, 2s. 6d.

If the certificate of a child's age is required for elementary school purposes, or for an employer, a copy of the entry of the birth may be obtained from the registrar on payment of 1s.

Births in Scotland. The registry of births in Scotland is regulated by an Act passed in 1854, and by later amendments. All parochial registers made before 1820 are to be preserved in the General Registry Office at Edinburgh. Registers from 1820 are to be preserved by the registrar of the parish. In the case of an illegitimate child, if the parents afterwards marry the child becomes legitimate, and the fact of legitimacy may be afterwards entered upon the register. The legal term is *legitimatio per subsequens matrimonium* (legitimation by the marriage which follows later). This doctrine is borrowed from the ancient Roman law. The form of a Scotch birth certificate is as follows: Name; was informant present; baptismal name or name given without baptism after registration; sex; year, day, and hour when born; where born; state if born in lodgings; name of father, rank, profession, occupation, birthplace, when and where married, number of children living and dead; mother's name, maiden name, age, and birthplace; signature of father, mother, or other informant, and residence, if out of the house in which the birth occurred; when and where registered, and signature of registrar.

In Ireland. The principal Act for the registration of births and deaths in Ireland was passed in 1863; it has been subject to later amendments. The office of the Registrar-General must be in Dublin. Persons who cannot write must make a cross or mark upon the register in the presence of the registrar who will enter the particulars given by the informant.

The cross or mark is as binding as a signature. The particulars required for an Irish birth certificate are: Date and place of birth; name, if any; sex; name, surname, and dwelling place of father; name, surname, and maiden surname of mother (if married more than once, the names and surnames of former husbands should be stated); rank or profession of father; signature, qualification, and residence of informant; when registered; signature of registrar; baptismal name if added after date of birth, and date.

By an amending Irish Act passed in 1880, the general law of registration was made similar to the law of England. Forms are provided for certifying the name given in baptism, or name not given in baptism, and for altering name entered in register.

Death Registration. The death of every person in England must be registered within five days following the death. If the person dies in a house, one of the following must register the fact: The nearest relative present at the death, or in attendance during the last illness, or any other relative living in the same district, or persons present at the death, or the occupier of the house, or an inmate of the house, or the person causing the deceased to be buried.

When a person dies in a house the following things must be done: Register the death within five days of it, and sign the register in the presence of the registrar. Any of the following persons may register the death: The nearest relative or relatives present at the death, or attending the last illness of the deceased, relatives living in the same sub-district as the deceased, or a person present at the death, or the occupier of the house who knew that the death took place, or an inmate of the house, or the person causing the deceased to be buried. The same rules must be obeyed where the deceased does not die in a house. Any of the persons named above may send a written notice of the death to the registrar, accompanied by a medical certificate; in this case attendance before the registrar may be put off until fourteen days after the day of the death. If a death is not registered within twelve months, the registrar must request the attendance of the proper person to comply with the Act. No fee is to be charged for entering a death in the register, unless the registrar is requested to go to a house for the purpose, or unless the death occurred at a public institution.

After twelve months, registration of a death may only be made by the written authority of the Registrar-General. Where an inquest is held on a body by a coroner, the coroner must send a certificate to the registrar within five days after the jury have given their verdict. The certificate must contain all the necessary particulars. The coroner may order the body to be buried before registration. The person who buries the body must first receive the registrar's certificate of death. No still-born child can be buried until a medical practitioner certifies the fact. If a coffin contains more than one body, the undertaker must certify the fact in a form as required by the Act.

A registered medical practitioner must certify as to the cause of death, and that certificate must be handed to the registrar.

Deaths at Sea. If a person dies at sea on a British ship, the captain must enter the following facts in his log-book: The date of death; name and surname; sex; age; rank, profession, or occupation; nationality and last place of abode; cause of death.

When he arrives at a port of the United Kingdom, he must report the fact to the Registrar-General of Shipping and Seamen. If the ship is not a British ship, but carries passengers to or from any port in the United Kingdom, the same rules apply. Heavy penalties are inflicted upon all parties who fail to do their duty as the Act directs. The fees payable in connection with death registration are: Registering at the house, 1s; registration after twelve months, to the superintendent, 5s.; to the registrar, 5s.; correction of error in fact in the register, 2s. 6d.; for a general search, 5s.; for a particular search, 1s.; for a certified copy of an entry in the register, 2s. 6d.

The law as to registration of death in Scotland and Ireland is practically the same as the law of England and Wales as above summarised.

BISCUIT.—A French word, meaning "twice-baked." A hard baked cake of unfermented flour. There are numerous varieties, and improvements are continually being made. One of the latest inventions is the "perfect food biscuit," which is said to contain all the chemical elements needed for a perfect diet. Biscuit-making is an important industry, and there are large factories in various parts of the kingdom.

BISMUTH.—A brittle, reddish-white crystalline metal. It is found in a native state in Cornwall, Peru, France, Siberia, and very plentifully in Saxony. It is much used in the preparation of alloys, which are valuable in the arts, for taking casts, making moulds, etc. Trioxide of bismuth is employed to fix the gilding in porcelain manufacture. In medicine, bismuth is very useful as a sedative and an astringent. It is applied externally in eczema and kindred diseases, and is taken as a remedy in all cases of stomachic trouble. Bismuth is sometimes known as "tin glass."

BITTERS.—Liquids which are prepared from bitter herbs or roots, such as gentian, calumba, quassia. Rectified spirit is added to prevent putrefaction. Bitters are used as appetisers and tonics. Among the best known are Angostura, orange, and peach bitters, which are often taken with gin or sherry before meals.

BITUMEN.—The inclusive name for a series of widely differing, inflammable, strong-smelling mineral substances. Among these are naphtha, pitch, petroleum, ozokerite (or ozokerite), and asphalt. Bitumen is obtained from France, Italy, Holland, and Trinidad.

BITUMINOUS COAL.—Coal containing a large quantity of organic, volatile, or resinous matter, which causes it to burn brightly. It is valuable on account of the volume of pure gas obtained from it in distillation.

BLACKING.—The material now known as blacking was introduced in the middle of the seventeenth century. Its ingredients are not always the same, but bone-black, sugar, sulphuric acid, and oil are generally used, forming a paste which gives a glazed surface to black leather. The composition used for cleaning harness consists of beeswax, turpentine, ivory black, Prussian blue, and copal varnish. London is the chief seat of manufacture.

BLACKLEAD.—A black mineral, not lead at all, but graphite or plumbago. It is greyish-black in colour, and has a metallic, greasy, lead-like lustre. It is one of the forms in which carbon occurs native, and can be artificially prepared by various methods, e.g., by heating coke in the electric furnace. Blacklead is used for the manufacture of crucibles, for

giving a polished surface to stoves, grates, etc., as a lubricant in machinery, and for making lead pencils. The best lead for the latter purpose is obtained from Cumberland. Blacklead is also found in Ceylon, Bohemia, Bavaria, Siberia, Canada, and New Zealand.

BLACKLEG.—This is a term of opprobrium applied to a man who either refuses to join a trade union society, or who enters into or remains in the service of an employer when the rest or a major portion of the other employees are on strike or are locked out.

BLACK LIST.—This is a name commonly applied to the list of names of persons who are in any way objectionable to any particular society or body of people, and against whom other persons are warned. More especially, however, in recent times, the name "black list" has been confined to those persons whose commercial standing or credit is considered to be unsound. It consists mainly of undischarged bankrupts, people who have unsatisfied judgments registered against them, grantors of bills of sale, litigious individuals, and others of a similarly dubious financial stability. There is no such thing as an official black list, but certain well-known trade agencies make it their business to compile lists containing the names of such persons, and these lists are supplied to tradesmen and others who pay a small subscription for the information given upon application. It is not always possible to obtain accurate information on points of financial delinquency, and consequently the lists are far from perfect; but there is little doubt that unsuspecting tradesmen are often saved from disaster through consulting them.

There was another kind of black list which came into vogue after the passing of the Licensing Act, 1902, and this contained the names of those persons who had been convicted of inebriety, and whom publicans were forbidden to serve with intoxicating liquors under certain conditions. Owing to a curious construction of this Act, by which a person charged was compelled to give his consent to be dealt with as an habitual drunkard, the black list became a dead letter very shortly after its institution.

BLACKMAIL.—This offence, which is one of growing magnitude, consists in endeavouring to extort money or other valuable thing by means of accusing a person of crime, the professed object being to undertake not to make the accusation if the accused is willing to buy the silence of the accuser. In law, it is defined by the Larceny Act, 1916, Section 29, in the following manner—

"Every person who (1) utters, knowing the contents thereof, any letter or writing demanding of any person with menaces, and without any reasonable or probable cause, any property or valuable thing; (2) utters, knowing the contents thereof, any letter or writing accusing or threatening to accuse any other person (whether living or dead) of any crime to which this section applies, with intent to extort or gain thereby any property or valuable thing from any person; (3) with intent to extort or gain any property or valuable thing from any person accuses or threatens to accuse either that person or any other person (whether living or dead) of any such crime, shall be guilty of felony, and on conviction thereof liable to penal servitude for life, and, if a male under the age of sixteen years, to be once privately

whipped in addition to any other punishment to which he may by law be liable."

(It is unnecessary to state the various crimes which are above referred to. They are, in fact, those of the worst character known to the criminal law.)

The gist of the offence is the attempt to obtain money, etc., by means of a threat or threats; and it is quite immaterial whether the accusation of the crime is true or not. The guilty intent to obtain must be proved, and for this purpose evidence may be given by the prosecutor of any other threatening letters sent to him at any time by the alleged blackmailer. (See THREATENING LETTERS)

BLADDERS.—The hollow bags of animals for the reception of urine. They are imported from Europe and America in a salted state, and are used as receptacles for lard, etc.

BLANK BILL.—A bill which is drawn without inserting in it the name of the payee. The following is a specimen of such a bill, although it must be noted that such an instrument is rarely met with—

London, November 1st, 19..

£50.

Please pay on demand the sum of fifty pounds for value received

To

*Mr. Thomas Robinson,
Stockport.*

William Smith.

BLANK CHEQUE.—A blank cheque is one which is signed by the drawer without any amount being filled in. Such a cheque is generally delivered to some person who has a limited authority as to filling in the vacant spaces. It is a most dangerous thing to hand out a blank cheque to anybody. Neglecting altogether the chances of a misuse of the authority delegated by the drawer, there is always the possibility of its being lost or stolen, and afterwards fraudulently dealt with to any extent. The only possible check upon such a fraud, unless the loss is discovered and the cheque stopped, is that the dishonest holder may fill in an amount greater than that which stands to the credit of the drawer, in which case the banker, provided there is no arrangement for an overdraft covering the amount, will refuse to honour it.

BLANKETS.—Bed coverings of which the best qualities are made entirely of wool. The best known varieties of English blankets are Witney, Kersey, Yorkshire, and Bath. Dewsbury is the principal centre of the Yorkshire industry. Blankets of a more durable kind are made in Scotland, while the United States produce superior sorts, and Mysore is noted for a particularly fine article.

BLANK INDORSEMENT.—(See INDORSEMENT)

BLANK TRANSFER.—By this is understood a deed of transfer of stock or shares which has been properly executed by the registered proprietor as transferor, but in which the name of the transferee has not been filled in. Blank transfers are often given in connection with loan transactions where the share certificate is deposited as collateral security. Possession of a share certificate in the name of an individual without a deed of transfer does not of itself give any title to the stock or shares named thereon, consequently the necessity for the execution by the borrower of a deed whereby, in case of need, the stock or shares could be transferred is evident. If it is to be of any use for a period

exceeding thirty days, a blank transfer (assuming that it is unstamped) must not be dated, for it cannot be stamped after the period named, except under a penalty. The execution of transfers in blank for the purpose named presents difficulties from the legal point of view, and is not encouraged by the Stock Exchange or other authorities concerned. A blank transfer of debentures or shares of companies which are transferable by deed—that is to say, the majority of companies—cannot legally have blanks filled in at a later date, because a document under seal is a deed, it takes effect from its delivery, and it is incomplete in that it does not contain the name of the transferee.

BLASTING GELATINE.—This is an explosive compounded of nitro-glycerine (*q.v.*) and nitro-cotton, 93 per cent. of the former and 7 per cent. of the latter. It is chiefly used for breaking up the hardest varieties of quartz and other rocks.

BLEACHING AND DYEING.—These industries are regulated generally by the Factory and Workshop Act, 1901, and also, if they evolve noxious gases, by the legislation relating to chemical works. It is only possible within the limits of this article to indicate the provisions of the Factory and Workshop Act relating specially to them.

(a) **Classification.** Bleaching and dyeing works are declared to be non-textile factories, and the term is defined as "any premises in which the processes of bleaching, dyeing, calendering, finishing, booking, lapping, and making up and packing any yarn or cloth, or any material, or the dressing or finishing of lace, or any one or more of such processes, or any process incidental thereto are or is carried on." All such premises are, therefore, governed by the law of non-textile factories, except as mentioned below.

(b) **Employment and Overtime.** The period of employment of women, young persons, and children must be from 6 a.m. to 6 p.m., or 7 a.m. to 7 p.m., except on Saturday. On that day, if employment begins at 6 a.m., it must end, if not less than one hour is allowed for meals, at 12.30 p.m., and, if less than an hour is allowed, at 12 noon. If the work begins at 7 a.m., it must end at 1 p.m. In each case, manufacturing processes must end half an hour earlier. There must be allowed for meals, on every day except Saturday, not less than two hours (of which at least one hour must be before 3 p.m.), and on Saturday not less than half an hour.

In the case of a woman or young person, employment must not continue for more than five hours at a stretch, without an interval of at least half an hour for a meal. In the case of Turkey red dyeing, the employment of women and young persons may continue on a Saturday until 4.30 p.m., provided the week's limit of work is not exceeded, and that seven days' notice of intention to work until the extended time is posted up and given to the local inspector of factories. In the part of bleaching and dyeing works in which is carried on open air bleaching or Turkey red dyeing (also in which is carried on job-dyeing, which is liable to sudden pressure of work from unforeseen causes), the period of employment for a woman on any day except Saturday may be from 6 a.m. to 8 p.m., or from 7 a.m. to 9 p.m., or from 8 a.m. to 10 p.m., if these conditions are observed—

(1) Not less than two hours for meals, half an hour of which must be after 5 p.m.,

(2) A woman must not be employed for this

length of time on the whole for more than three days in one week; and

(3) Such overtime employment must not take place in a factory or a workshop on more than thirty days in the whole of any twelve months, and in reckoning that period any day on which any woman has been employed is to be taken into account.

The provisions of this Section have also been extended by Home Office order to all non-textile factories (not only in the open air) in which is carried on the calendering, finishing, booking, lapping, or making up and packing of any yarn or cloth. In Lancashire and Cheshire this only applies if such processes are the only processes carried on in the factory.

If in bleaching and dyeing works the process on which a woman, young person, or child is employed is in an incomplete state, at the end of the period of his or her employment, such person may, on any day except Saturday, be employed for a further period not exceeding 30 minutes, provided that these further periods when added to the total number of hours of the periods of employment of that person do not raise the total above the number permitted for the week. Further, in the case of open air bleaching and Turkey red dyeing, a woman or young person may, on any day except Saturday, be employed beyond the period of employment so far as is necessary for the purpose only of preventing any damage which may arise from spontaneous combustion in the process of Turkey red dyeing or from any extraordinary atmospheric influence in the process of open air bleaching. No young person may, however, in any circumstances be employed after 9 p.m.

(c) **Meals.** Generally, all the women, young persons, and children employed in a factory or workshop must have time allowed for meals at the same hour of the day; but in that part of bleaching or dyeing works in which the process of dyeing in open air is carried on—

(1) A male young person may have the time allowed him for meals at different hours of the day from the young persons, women, and children employed in the factory;

(2) A male young person may during the times allowed for meals to any other young person or to any woman or child be employed or be allowed to remain in a room in which a manufacturing process is carried on; and

(3) During the times allowed for meals to a male young person, any other young person or any woman or child may be employed in the factory or be allowed to remain in a room in which a manufacturing process is carried on.

In the parts of bleaching works and dyeing works in which the process of singeing is carried on, a woman, young person, or child may not take a meal or remain during the times allowed for meals, and notice of this prohibition must be posted up in the factory.

(d) **Structure.** The tops of rooms (other than finishing rooms or warehouses) in bleach works and dye works are exempt from the requirements as to limewashing which apply generally to factories and workshops. Such works, as far as they are within the relaxed provisions as to overtime mentioned above, have the privilege that, if the conditions laid down in the Act are observed, different branches or departments of work carried on in the

same workshop shall, so far as regards the employment of women during overtime, be treated as if they were different factories or workshops, that is, if in one department overtime has been worked for thirty days in one year, it may nevertheless be worked for any period not exceeding thirty days in any other department.

BLEACHING POWDER.—A greyish-white powder with a strong odour, commonly known as chloride of lime. Its manufacture is one of the leading chemical industries of Great Britain. Its main use is as a bleaching agent for paper and linen, but it is also employed in the manufacture of chloroform and as a disinfectant.

BLENDE.—Strictly speaking, this name applies only to the native sulphide of zinc, but it is often given to other minerals when found combined with sulphur. Owing to the presence of iron, blende is black in colour, and on that account is sometimes called "Black Jack" by English miners.

BLIND COAL.—The popular name for non-bituminous coal or anthracite.

BLISTER STEEL.—Also known as Blistered Steel. Steel of a fine granulated texture blistered in the process of manufacture. It is used for making tools, files, etc.

BLOCKADE.—In naval warfare, each party is anxious to injure the commerce of the other as far as possible, and one of the most effective methods to be adopted, provided the navy of the attacking power is adequate, is to blockade the ports of the enemy, and so prevent ingress or egress of any vessels, no matter of what nationality, under pain of confiscation. A century ago, this power led to gross abuses. A belligerent state would declare a whole line of territory to be blockaded, when there was practically no fleet in existence which could render a blockade in reality anything else but a farce. The confiscation which sometimes followed from attempting to "run the blockade," if by mere chance a vessel approached the blockaded territory, led to many protests on the part of the Powers; and eventually, by the Treaty of Paris, 1856, it was declared that no blockade should be recognised, unless it was maintained by an adequate force. Whenever a blockade is declared it is necessary for the blockading party to give notice to all neutrals of the fact, otherwise the right of confiscation of goods and vessel does not arise. It was suggested by the Declaration of London, 1909 (*q.v.*), that the rules as to blockade should be modified. The Declaration was never accepted by the British authorities, and the extraordinary conditions of the Great War quickly showed that the suggested rules were utterly impracticable under the circumstances. It remains to be seen what will be the modifications laid down in the future by international law. At present blockade is not by any means confined to such methods as were in vogue in the past. The submarine has revolutionised all kinds of sea-warfare almost out of recognition.

BLOCK TIN.—An alloy of tin in the form of ingots, containing tin, iron, copper, lead, arsenic, and antimony.

BLUBBER.—The name given to the fat of whales and other marine animals, and sometimes used of the membrane containing the fat.

BLUE.—The colour now usually derived from coal tar and used for dyeing, tinting paper, etc. The blue generally used by laundresses is composed of ultramarine, with a mixture of bicarbonate of

soda and glucose, but indigo is the chief constituent of liquid laundry blue.

BLUE-STONE.—The commercial name for blue copperas or sulphate of copper. It is prepared from copper pyrites.

BOARDING-HOUSE, LAW AS TO.—The law which governs the relations of boarding-house keeper and boarder is the ordinary common law of contract. The boarding-house keeper asks as much as he can get for the board and lodging which he is prepared to supply to the boarder. When the bargain has been struck, the boarder can demand a dry bed, wholesome food, and the safety of his boots and his wearing apparel. If the boarder should lose any of his property from the boarding-house through no fault of the boarding-house keeper or of his servants, the boarder cannot claim redress from the boarding-house keeper.

If the boarder has suffered the loss of any of his property through the negligence of the boarding-house keeper or of his servants, then an action may be brought against the boarding-house keeper for such loss as the boarder has sustained. It will be necessary for the boarder to prove, to the satisfaction of a judge and, possibly of a jury, that the negligence of the boarding-house keeper or of his servants was gross enough to warrant a judgment against him.

The law as laid down in the case of Catherine Dansey against Elizabeth Frances Richardson in 1854, may be shortly stated thus: Mr. Justice Earle told the jury that a boarding-house keeper had not the unlimited liability of an innkeeper, but was bound to exercise due and reasonable care as to the guests' property, to the same extent which a prudent person would take of her own. Mr. Justice Wightman said that in respect of the property of a guest, it was no further in the care or charge of the boarding-house keeper, either actual or by legal implication, than by being in the house. He could find no authority for holding that a boarding-house keeper is a bailee (Bailee—One to whom goods are committed in trust for a specific purpose—*English Dictionary*) of the goods of his guest at all, or that he is bound to take more care about the goods of his guest than he, as a prudent owner, would take with respect to his own. The utmost care of a prudent owner might fail from the unforeseen negligence or dishonesty of a servant, against which it might be impossible for him to guard.

Mr. Justice Coleridge said that the case of a guest being received by a boarding-house keeper was a purely voluntary contract, and the reception of the goods of the guest was a necessary part of it. The boarding-house keeper, for hire and reward, receives a guest into his house, with clothes and personal chattels. Let us see for what neglects a boarding-house keeper will be liable. If the boarding-house keeper had neglected to give the guest a dry bed, or wholesome food, and the guest had become ill, or, if through negligence, the boots or shoes or dress of the guest had been taken away to be cleaned, and had been lost, in these cases the boarding-house keeper would be liable to make recompense. A boarding-house keeper, then, must exhibit ordinary care toward the guest and the goods of the guest. Want of care in a servant of the boarding-house keeper is equal to want of care in the boarding-house keeper himself. If a master or a servant, ordinarily very careful, is negligent on one particular occasion, by which a guest suffers

loss, that loss by the guest must be made good by the boarding-house keeper.

A guest is entitled to due and reasonable care absolutely. He comes to the house, pays his money for certain things to be rendered in return. He is indifferent whether the master renders them in person or by a servant. The guest stipulates directly from the master for wholesome food, a dry bed, a clean room, and punctual obedience to his orders. The guest has no control over the servants or over the wisdom, care, or good fortune of the master in selecting them. The master's duty must be measured in the same way. He undertakes to the guest, not merely to be careful in the choice of the servants, but absolutely to supply him with certain things, and to take due and reasonable care of his goods. The only practical question, therefore, turns upon the quality of the individual act. Has such care been shown in the particular instance as the party injured had a right to insist on? If it has not, he must be answerable, who expressly or impliedly has undertaken for a sufficient consideration to show it.

Lord Campbell, Chief Justice, said that the general rule is that the master is answerable for the negligence of his servants while engaged in offices (duties) which he employs them to do, and his lordship was not aware how the keeper of a lodging-house should be an exception to the rule. There is a duty incumbent upon the keeper of a boarding-house for the goods of a guest when they are lawfully deposited in the hall, or in the room appropriated to the guest. If, through the negligence of the lodging-house keeper, or of his servant, an outer door is left open at a time when thieves might be expected to enter, and thieves do enter and steal the property of the guest, that is a breach of duty for which the boarding-house keeper is liable. His lordship by no means supposed that a boarding-house keeper is liable for the loss of the goods of the guest by theft where there has been no negligence by the boarding-house keeper or by his servants.

BOARD MEETINGS.—What may be termed the domestic affairs of public companies are discussed and decided by the directors at what are known as board meetings. These have to be convened and conducted strictly in accordance with the requirements of the company's articles, which usually contain very full directions in regard to such meetings. The directors of important and active companies usually meet once a week throughout the greater part of the year, and where board meetings are held at regular intervals in this manner it is not necessary to give specific notice of each meeting to the directors, provided that all are aware of the arrangement. Where board meetings do not occur regularly, it is sometimes the practice to decide at one meeting the date of the succeeding meeting; and here, again, if all the directors are present when the date is so fixed, notice may be withheld. Otherwise, notice must be given to every director of the date, time, and place of meeting. The notices must be sent out a reasonable time beforehand, and if any director considers that the time is too short he should at once communicate with the person responsible for the issue of the notice, or he may be deemed to have waived his objection in this respect.

If it is known for certain that a director is abroad and that the notice cannot reach him in time to permit of his attendance at the meeting, it may be omitted in his case, but it is advisable, no matter

what the circumstances may be, to send notices to every member of the board, and even when the meetings are held at regular intervals, a reminder will probably be welcomed by the recipient.

Unless there are special provisions in the articles making it obligatory, the business which it is proposed to transact need not be specially mentioned in the notice.

The notices are usually dispatched by the secretary of the company acting under instructions from one or more of the directors, but any one of the directors could himself convene the meeting. Where the articles contain special provisions in this respect, they must, of course, be complied with. If a board meeting is improperly convened, and one or more of the directors fail to attend, acts done at the meeting will be invalid; should all directors be present, however, the fact, say, that notice had been omitted to be sent to one of them, would not vitiate the proceedings.

The directors are the only persons who have the right to attend board meetings, but it is usual for the secretary to be present, and also any person employed by the company in a high executive position, such as general manager.

The company's solicitor, too, is not infrequently requested to be in attendance. No persons other than directors can, however, vote on any question before the meeting, although they may be asked to express an opinion with regard to it.

It is obligatory under Clause 75 of Table A for every director present at any meeting of directors or committee of directors to sign his name in an attendance book. This is a most valuable provision, and should obtain even where Table A has been excluded by the registration of special articles, for it may be of the utmost importance to be able to produce evidence, which cannot possibly be refuted, establishing what directors were present at a particular board meeting.

Most companies have a permanent chairman who presides at board, and also at the general meetings of the company. He is chosen sometimes on account of his having a very large pecuniary interest in the company, sometimes on account of his social standing, occasionally because of his ability as a chairman. Table A, Clause 90, has the following provision with regard to the election of a chairman at board meetings—

"The directors may elect a chairman of their meetings and determine the period for which he is to hold office, but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting."

The chairman's first duty is to see that a quorum is present. The number of directors necessary to form a quorum is usually prescribed by the articles, if it is not, then a majority of the board will be requisite. Where the articles mention that a director may not vote on any matter in which he is personally interested, such director cannot be counted in the quorum for that particular business. (See also QUORUM.)

An agenda, *i.e.*, a list of the business to be transacted at the meeting, should have been drawn up by the secretary and supplied to the chairman, who will bring the matters forward in the order in which they appear thereon. He may depart from this order should he deem it expedient to do so. The agenda should have a wide margin (half the width

of the paper) on the right-hand side; on this the chairman should make a note of the decisions arrived at against the various items. It is advisable to have the agenda in a book, so that the chairman's notes are easily available for reference. They will be of great service to the secretary in preparing the minutes, although he should, of course, have his own notes, in addition, to guide him; but, what is more important, they can be produced should any dispute arise as to the accuracy of the minutes when read at the next board meeting.

Business conducted at board meetings will vary considerably for different companies, according to the amount of supervision which the board exercises over the company's affairs. In very many cases the real business of the undertaking is entirely in the hands of responsible officials, who issue periodical reports to the board for its information and consideration. Here the board will merely concern itself with the policy of the company, and pass formal resolutions where such are required, *e.g.*, authorising the seal to be affixed to documents, allotting shares, or making calls. In other cases its functions will include the consideration of tenders and placing of orders, the passing of accounts in detail, the consideration of contracts, and many other matters of a like nature. Proceedings at board meetings usually take place with very little formality, and for unimportant matters a note in the minutes to the effect that a certain course was agreed upon will be sufficient; but no decision of importance, especially if outsiders are affected, should be recorded except by means of resolutions in proper form duly put to the meeting and voted upon.

Each director present will have one vote; an absent director may be represented by proxy if the articles so permit, but it is very unusual for them to do so. The articles sometimes make provision for the appointment of alternate directors, and such, in the absence of their principals, will be able to attend the meetings and vote. The approval of the other members of the board is usually required on the appointment of an alternate director. The chairman will have one vote as a director; and if the articles so prescribe but not otherwise, he will, in the event of an equality of votes, have a second or casting vote.

Unless the articles provide otherwise, the directors cannot act without meeting together. There is sometimes a clause in the articles to the effect that a resolution in writing, signed by all the directors, shall be as effective as if passed at a properly constituted board meeting. This arrangement has often been found of great convenience and appears to be valid, although the Stock Exchange objects to the clause, and will not grant an official quotation unless it is omitted from the articles.

As a rule, the articles allow the board to delegate any of its powers to a committee, which may consist of a single director. Table A, Clauses 91 to 94, which are summarised below, deal with such committees—

The directors may delegate any of their powers to committees, consisting of such member or members of their body as they think fit. The directors may impose such regulations on the committees as they choose. A committee may elect a chairman of their meetings, if the chairman is not present within a certain time they may choose any one of their number to be chairman. A committee may meet and adjourn as they think proper. The chairman has a second or casting vote.

If no quorum is fixed by the board when appointing a committee, all the members of the committee must be present, in order to constitute a valid meeting.

A director has the right to be present at every meeting of the board of which he is a member, and he cannot be deprived of this right by his co-directors. Unless there is express provision in the articles, directors are not entitled to travelling or any other expenses occasioned by attendance at a board meeting.

Directors who are guilty of persistent non-attendance at board meetings run the risk of being held responsible, jointly with the other directors, for any breach of trust which the latter may commit.

Outsiders who have dealings with a company will not be prejudiced in the event of there being any irregularity in connection with a board meeting where business is transacted affecting them. The irregularity may occur in many ways, such as omission to give proper notice of the meeting, absence of a quorum, or the fact that some of the directors are not qualified to act.

This protection does not apply if the directors do some act which is *ultra vires* the company, and an action could be sustained against the company by any party injured by the illegal act.

All parties are deemed to know the extent of the powers of any company with which they may have dealings, since full particulars are contained in the memorandum and articles which are registered at Somerset House, and are available for inspection.

The business done irregularly at a board meeting (always provided that the directors are acting within their powers) can be ratified at a subsequent board meeting.

With regard to a director acting who is not duly qualified, Section 74 of the 1908 Act states that the acts of a director or manager shall be valid, notwithstanding any defect that may afterwards be discovered in his appointment or qualification.

A director who is present at a meeting at which the minutes of proceedings at a prior board meeting are read and agreed as correct is not thereby responsible for the business transacted at the meeting to which such minutes relate.

BOARD OF TRADE, FUNCTIONS OF.—The Board of Trade is a Government department which exercises a supervision, to some extent, over the commerce and industry of the United Kingdom. Its full title is "The Lords of the Committee of H.M. Privy Council Appointed for the Consideration of all Matters relating to Trade and Foreign Plantations," the latter term being the name by which our Colonies were known in the early days of the Board of Trade. Of recent years its value to the commercial community has grown to a considerable extent, but its usefulness has not been restricted to the present time. As a permanent department, it dates back to the Commonwealth, although commissions were from time to time appointed in the fourteenth century, 300 years earlier, to inquire into matters affecting the trade of the country and to advise Parliament thereon. In 1660 a committee consisting of members of the Privy Council was appointed for the purpose of collecting statistics and information with reference to the trade of the country and its imports and exports, and shortly afterwards we find the Board inquiring into trade obstacles and the employment of the poor. The Board of Trade was abolished in 1675, reappointed

in 1695, and again abolished, as a result of Burke's attack on the public offices, in 1782. It was resuscitated in 1786, when the presently existing department was established by Order in Council as a permanent committee of the Privy Council for the consideration of all matters relating to trade and the Colonies.

The principal officers of State now became *ex-officio* members of the Board, including, amongst others, the Lord Chancellor, the Archbishop of Canterbury, the first Lord of the Treasury, the principal Secretaries of State, the Chancellor of the Exchequer, and the Speaker of the House of Commons. None of these *ex-officio* members, however, takes part in the work of the Board, which is carried on by a President and his staff, which includes the permanent and parliamentary secretaries, four assistant secretaries, and the chief of the statistical department. At the present day the President of the Board of Trade is almost invariably a Member of the Cabinet, and since the passing into law of the Board of Trade Act of 1909, receives £5,000 a year, instead of the £2,000 limit allowed by the Board of Trade (President) Act, 1826.

The functions of the Board of Trade are many and varied, and have grown enormously with the expansion of trade and commerce and the increase of statutes affecting the same. At the present time it may be said that its four main functions are as follows—

- (1) Collecting information
- (2) Registration.
- (3) Inspection.
- (4) Authorisation of undertakings of a public nature.

The collection of information includes the compiling of the elaborate statistics relating to the United Kingdom, the Dominions, and foreign countries, which are published by the Government; the monthly and annual trade returns; statistics relating to railways, agriculture, cotton, and emigration. The annual railway returns (compiled by the Department are most comprehensive and appear in a blue book of about one hundred pages, in which details as to mileage, capital, passenger traffic, goods traffic, receipts, profits, dividends, etc., of every single railway company in the United Kingdom are given, besides a general report on the progress of the railways during the year. Its activities are not confined to mere routine work, special reports being issued from time to time. Probably most valuable and certainly most quoted of all are the monthly and annual trade statistics issued by this department. (See **BOARD OF TRADE RETURNS**.) These monthly trade returns, or to give them their full title, the Trade and Navigation Returns, are issued as soon as possible after the end of every month, and, in their summarised form, are immediately published in all the newspapers. From them it is possible to tell the general progress of the trade of the country both in bulk and in value, and they give in great detail the quantities and values of our imports and exports to and from every other country. The monthly returns show the figures for the last month and at the same time the figures for the year up to and including the last month. At the commencement of the reports is given a summary under the different headings into which the full return is divided.

Under the second function, viz., registration, is to be included the vast task of keeping account of all the joint stock (limited liability) companies,

examining and recording patents and trade marks, keeping a register of ships and seamen and maintaining the standards of weights and measures. The conduct of bankruptcy cases is also in the hands of the Board of Trade.

Under the third function, viz., inspection, may be grouped the inspection of merchant vessels to insure their being in a seaworthy condition, and that they are properly laden and equipped; also the control over harbours and railways with the right to make inquiry into the occasion of disasters at sea and railway accidents.

As regards the fourth function mentioned above, viz., authorisation of undertakings of a public nature, the Board of Trade exercises control over new railways, tramways, gas, water, and electricity undertakings, etc., by means of provisional orders, which it prepares and submits to Parliament for confirmation.

The Board of Trade also exercises administrative control over lighthouses, buoys and beacons, and receives, examines, and presents to Parliament annually the accounts of life assurance companies.

Until 1918 the Board of Trade was divided into the following departments—

(1) **Commercial, Labour, and Statistical Department.** This is the oldest department of the Board of Trade, and was established in 1831.

(2) **Bankruptcy Department.** This department was established in 1883, under the Bankruptcy Act of that year.

(3) **Railway Department.** By an Act of 1840 railways came under Government control, and this important department of the Board of Trade was made responsible for the supervision of railways both before and after they are opened for traffic.

(4) **Marine Department.** This department, which deals with ships and seamen, was established as a separate department of the Board of Trade in 1850, when it was combined with the Harbour Department and the Finance Department.

(5) **Harbour Department.**

(6) **Finance Department.**—This was separated from the Marine Department in 1866. Two important branches of the Finance Department were the Patent Office and the Joint Stock Companies Registry Office.

The work of the Board has just been reorganised, and is now organised in two main divisions or departments, viz., the Department of Commerce and Industry, and the Department of Public Services Administration.

The Department of Commerce and Industry is mainly concerned with the development of trade, with vigilance, with suggestion, with information, and with the duty of thinking out and assisting national, commercial, and industrial policy.

The Department of Public Services Administration is primarily engaged in the exercise of statutory and other administrative functions of a permanent nature with regard to trade and transport. It therefore includes the work formerly performed by the Marine, Railway, Harbour, Companies, and Bankruptcy Departments.

Department of Commerce and Industry. The Department of Commerce and Industry is concerned with a great number and variety of matters, and is accordingly sub-divided into a number of sections or departments.

It is an important feature of the scheme of reorganisation that the heads of departments should be enabled to make frequent visits to the chief

centres of commerce and industry at home and abroad, with a view of widening their knowledge and experience, and also giving them that personal acquaintance with manufacturers and merchants and industrial conditions which is essential if the Board of Trade is to command the general confidence of the trading community.

The sections of the Department of Commerce and Industry, including the Department of Overseas Trade (Development and Intelligence), which is a joint department of the Board of Trade and the Foreign Office, and is dealt with later, are at present as follows—

(1) **Commercial Relations and Treaties.** This section takes the place of the former Commercial Department, and deals with such matters as commercial treaties and agreements, Empire and foreign tariffs and trade regulations, etc., etc.

(2) **Overseas Trade (Development and Intelligence).** The functions of the Board of Trade with respect to commercial intelligence and the development of overseas trade, as exercised through the new joint department of the Board of Trade and Foreign Office, the work of which is described in a later paragraph.

(3) **Industries and Manufactures.** The new department deals with home industries, with special reference to their development and stability, production, and the economic strength of the country generally.

(4) **Industrial Property.** The main part of this section is constituted by the Patent Office, but it not only administers the law relating to patents, designs, trade marks, and copyright, but deals with all branches of industrial property from the point of view of commercial and industrial policy.

(5) **Industrial Power and Transport.** This department is charged with the consideration of all questions of general policy relating to transport in its commercial aspect, and of questions relating to industrial power.

(6) **Statistics.** This department collects and classifies statistical returns relating to British and foreign import and export trade, and deals with the statistics of shipping, railways, emigration and immigration, etc.

(7) **General Economic Department.** This is a new and important section formed for the purpose of assisting the Permanent Secretary on questions of economic policy, and is charged with the duty of systematically studying the general economic position of the country and the problems arising therefrom.

Department of Public Service Administration. The chief work of this department is the administration of a number of important Acts of Parliament (*e.g.*, the Merchant Shipping Acts, the Companies Acts, the Bankruptcy Act, the Weights and Measures Acts, etc.). The department is divided into the following sections—

1. The **Marine Department** administers, through a staff of Surveyors, Superintendents, Examiners, and other officers at the ports, the statutory provisions regulating merchant shipping and seamen, and is accordingly responsible for dealing with safety of life at sea, registry and tonnage of ships, the examination of masters, mates, engineers and fishermen, the engagement, discharge, and payment of seamen, inquiries into wrecks, etc. A sub-department of the Marine Department (*The General Register and Record Office of Shipping and Seamen*) keeps the registers of ships, issues certificates to

officers, and has custody of official logs, agreements, etc.

2 The *Railway Department* administers the Railway Regulation Acts and deals with all matters relating to the safety of the railway travelling public and of railway employees, and with railways generally, as with canals, light railways, and tramways.

3 The *Public Utilities and Harbours Department* has general jurisdiction in regard to harbours, tidal waters, foreshores, lighthouses, pilotage, etc. It has also important functions of an administrative and quasi-legislative nature in connection with gas, water, and electricity. A sub-department (the *Standards Department*) is responsible for the custody of the Imperial and secondary standards of weights and measures, and deals generally with matters arising under the Weights and Measures Acts.

4. The *Companies Department* is responsible for the general administration of legislation with regard to the Government control of joint stock companies, and has duties under the Registration of Business Names Act, 1917; the Companies (Particulars as to Directors) Act, 1917; the Assurance Companies Act, 1909; the Art Unions Act, 1846; and other Acts. The department exercises supervision and control over Official Receivers connected with the winding up of companies in the High Court and the County Courts.

5. The *Bankruptcy Department* is responsible for the administration of legislation relating to bankruptcies and deeds of arrangement, and exercises supervision and control over Official Receivers in Bankruptcy both of the High Courts and of the County Court.

Department of Overseas Trade (Development and Intelligence). Mention has already been made of this department, which is a joint department of the Foreign Office and the Board of Trade. It deals with all questions concerning the direction and organisation of the commercial attaché and consular services; while other duties include the collection and classification of information on all subjects of commercial interest. It also supplies, on application, information with regard to foreign and Colonial contracts open to tender, and other openings for British trade; lists of manufacturers at home and lists of firms abroad engaged in particular lines of business in different localities; foreign and Colonial tariff and Customs regulations; commercial statistics; forms of Certificates of Origin; regulations concerning commercial travellers; sources of supply; prices, etc., of trade products; shipping and transport, etc.

Samples of foreign competitive goods and commercial products are exhibited at the offices of this department, which also has the management of the British Industries Fairs organised by the Board of Trade. Manufacturers and traders who wish to receive early information respecting new trade openings, or who require reports on foreign competition and other matters likely to be of interest, may, for a small fee, have their names included in the special register, which is open to any approved British firm, but not to a non-British trader. The information, supplied by the Trade Commissioners and the Consular representatives, is circulated to firms on the register as quickly as possible after receipt.

Another activity of the Department of Overseas Trade is the furnishing of information regarding possible importers of goods of British manufacture,

their commercial and financial status, their local and European references; the goods particularly required, terms of trading, and the language in which correspondence should be carried on. *

A further important feature is that the department is assisted by an Advisory Committee of business men.

The *Board of Trade Journal* was instituted in 1886. It is a valuable publication to the mercantile community, containing information relating to tariffs, Customs regulations, extracts from Consular reports, openings for British trade, shipping and transport, periodical returns and statistical tables.

An arrangement was inaugurated on January 1st, 1897, whereby the names of British firms desirous of receiving confidential information as to opportunities for the extension abroad of those branches of trade in which they are specially interested, and as to other connected matters, are placed on a special register at the Board of Trade. This has met with widespread approval, as evidenced by the steady increase in the number of names so registered.

The confidential information which is communicated to firms upon the register is received from His Majesty's Consular officers in foreign countries, from His Majesty's Trade Commissioners and the Imperial Trade Correspondents in the British dominions, and from other sources available, and relates mainly to openings for British trade abroad. It is communicated to firms on the register in circular letters.

In addition to the *Journal*, a great number of publications are issued by the Board of Trade, further particulars of which are given in the article on BOARD OF TRADE RETURNS (*qv*).

BOARD OF TRADE RETURNS.—One of the most valuable departments of the Board of Trade is the statistical department, which issues periodical returns relating to British, Colonial, and Foreign Trade and Commerce, Shipping and Navigation. In addition to purely trade returns, the Board of Trade issues a yearly report on Bankruptcy, Companies, Emigration and Immigration, Life Assurance Companies, Patents, Changes in Wages and Hours of Labour, Strikes and Lock-outs, Weights and Measures, etc. The occasional publications of the Board include: British and Foreign Trade and Industry, Census of Production, Prices of Exported Coal, Commercial Missions to various Colonies, Cost of Living in various British and Continental Towns, Foreign Labour Statistics, Trade Unions, Translations of Foreign Tariffs, etc.

The advantage of being able to procure such information as is contained in these returns is of great value to the commercial community. The statistics relating to imports and exports exhaustively deal with the extent to which the exports have fallen below or exceeded the imports, indicating the balance of trade. The rates of exchange are, therefore, affected by these figures. As the different classes of articles are enumerated separately, the returns are useful to the respective sections of the commercial community, and operate in a considerable degree upon the prices of the commodities. An example of such a return issued by the Board of Trade is shown on page 217.

This shows clearly the total imports and exports for a single week and for the year to date, the particulars of the various grades of cotton being given in addition.

A statement of the trading of the United Kingdom with foreign countries and British possessions

is published annually. This publication, which contains much more detailed and exhaustive information than can be given in monthly accounts, gives abstract tables for the year of issue and several years preceding, and detailed statements of imports and exports of various articles consigned from and to each country; also details as to Customs revenue, transshipments, and articles in bond, with particulars of the trade of the United Kingdom with each foreign country and British possession, and of the trade at each port of the United Kingdom.

The foreign trade returns show the increases or decreases in the value of imports into the United Kingdom, and give the same information with regard to the exports of the produce and manufactures of the United Kingdom. Both imports and exports are treated in these statistical tables under four heads: (1) Food, Drink, and Tobacco; (2) Raw Materials and articles mainly unmanufactured; (3) Articles wholly or mainly manufactured; (4) Miscellaneous and unclassified.

As this country depends mainly upon her imports both of natural products and of food, it will be seen that the increase or decrease of any particular foreign product or food-stuff must at once affect the market as regards the price. The chief British exports are cotton and woollen goods, machinery and coal, and any decrease in the values of the exports of these points to a falling off in the British trade and the increase of unemployment, while, of course, an increase of exports would have a contrary effect.

The detailed manner in which the Board of Trade issues these returns is illustrated on page 218 by the extracts from Foreign Trade Returns. The information refers to the three years previous to the outbreak of the Great War. Subsequent figures have, naturally, been abnormal.

Statistics of agricultural imports, prices of exported coal, emigration and immigration, labour, etc., are treated in a similar manner.

In connection with the return of foreign trade, statistics are given of the tonnage of vessels entered at ports in the United Kingdom from foreign

countries and British possessions with cargoes and the amount of the tonnage cleared. Similar information is given with regard to the coasting trade, and in both cases the returns are compared with the corresponding period of the previous years.

In addition to preparing returns, the Statistical Department of the Board of Trade also obtains copies of the returns issued by various foreign countries, with reference to such subjects as the Salt Production of Russia, Cotton Spun and Woven in India, Steel Production of the United States, Exports of Rubber from Para, etc.

BOARDS.—Strips of sawn timber less than 9 in. in thickness. Strips of greater thickness are known as planks.

BODY CORPORATE.—A number of persons who, by law, are formed into a corporation, and who continue as a distinct body irrespective of any changes which may take place amongst the members. (See CORPORATION.)

BOILER INSURANCE.—(See INSURANCE.)

BOLE.—An earthy mineral varying in colour from red to yellow, according to the proportion of iron. Thus, Armenian bole is red, while the French variety has streaks of yellow. Bole resembles clay, and generally consists of ferric acid, silica, alumina, and water. It is found in basaltic rocks in Saxony, Bohemia, Silesia, Sicily, and South America, and is now mainly used as a pigment for adulterating articles of food of a naturally reddish colour, such as anchovies, cocoa, etc. The bole found in the Greek island of Lemnos was formerly used as a tonic, its medicinal properties being due to the oxide of iron it contained.

BOLIVIA.—Bolivia is bordered north and east by Brazil, south by the Argentine Republic and Paraguay, and west by Peru and Chili. It is, therefore, an inland country, its communication with the sea being carried on through the ports of Peru, Chili, and the Argentine Republic. Its sea coast was lost in the war with Chili in 1875-80. Recent explorations in the upper waters of the Parana give reason to believe that Bolivia will soon

Cotton Returns.

Return of the Number of Bales of Cotton Imported and Exported at the Various Ports of the United Kingdom

	IMPORTS.		EXPORTS.	
	Week ended	13 Weeks ended	Week ended	13 Weeks ended
	Bales	Bales.	Bales.	Bales.
American	21,823	1,213,994	5,303	70,417
Brazilian	4,687	36,105	—	2,987
East Indian	2,364	32,295	1	2,915
Egyptian	4,531	200,438	23	63,024
Miscellaneous	3,164 ¹	22,409 ²	—	1,036
Total	36,569	1,505,241	5,327	140,379

¹ Including 118 bales, British West Indian; 262 bales, British West African, and 906 bales, British East African.

² Including 3,617 bales, British West Indian; 615 bales, British West African; 6,592 bales, British East African; and 41 bales foreign East African.

NOTE.—Cotton "in transit" or "for transshipment under bond," if described as such in the ships' reports, is not included in this return.

Foreign Trade of the United Kingdom.

Imports (Value C. I. F.).

	Year ended 31st December.			Increase (+) or Decrease (-) in 1913 as compared with 1912.	Increase (+) or Decrease (-) in 1913 as compared with 1911.
	1911	1912	1913		
I—FOOD, DRINK, AND TOBACCO—					
A. Grain and Flour	£ 75,760,943	£ 88,496,284	£ 85,527,938	- 2,968,346	+ 9,766,995
B. Meat, including animals for food ..	49,722,183	49,079,559	56,743,914	+ 7,664,355	+ 7,021,731
C. Other food and drink—					
1. Non-dutiable	73,638,263	77,319,259	81,265,948	+ 3,946,689	+ 7,627,685
2. Dutiable	59,551,830	59,333,614	58,791,211	- 542,403	- 760,619
D. Tobacco	5,284,918	6,359,115	8,068,293	+ 1,709,178	+ 2,783,375
Total, Class I	£ 263,958,137	£ 280,587,831	£ 290,397,304	+ 9,809,473	+ 26,439,167
II—RAW MATERIALS AND ARTICLES MAINLY MANUFACTURED—					
A. Coal, coke, and manufactured fuel ..	29,779	276,516	36,700	- 239,816	+ 6,921
B. Iron ore, scrap iron, and steel ..	5,799,162	6,219,050	7,432,760	+ 1,213,710	+ 1,633,598
C. Other metallic ores	8,859,967	9,059,505	10,197,475	+ 1,137,970	+ 1,337,508
D. Wood and timber	25,862,171	28,357,158	33,789,356	+ 5,432,198	+ 7,927,185
E. Cotton	71,155,514	80,238,960	70,570,511	- 9,668,449	- 585,003
F. Wool	36,037,451	36,567,818	37,787,338	+ 1,219,520	+ 1,749,887
G. Other textile materials	14,611,045	18,578,100	19,751,121	+ 1,173,021	+ 5,140,076
H. Oil-seeds, nuts, oils, fats, and gums ..	35,047,549	37,418,767	41,636,408	+ 4,217,641	+ 6,588,859
I. Hides and undressed skins	11,106,664	13,690,265	15,067,595	+ 1,377,330	+ 3,960,931
J. Paper-making materials	4,749,521	5,566,996	5,815,576	+ 248,580	+ 1,066,055
K. Miscellaneous	34,900,038	39,694,431	39,839,049	+ 144,618	+ 4,939,011
Total, Class II	£ 248,158,861	£ 275,667,566	£ 281,923,889	+ 6,256,323	+ 33,765,028

Export of Produce and Manufactures of the United Kingdom (Value F.O.B.)

	Year ended 31st December			Increase (+) or Decrease (-) in 1913 as compared with 1912.	Increase (+) or Decrease (-) in 1913 as compared with 1911.
	1911.	1912	1913		
III—ARTICLES WHOLLY OR MAINLY MANUFACTURED—					
A. Iron and steel and manufactures thereof	43,730,292	48,597,677	54,328,292	+ 5,730,615	+ 10,598,000
B. Other metals and manufactures thereof	11,022,536	12,284,471	13,288,350	+ 1,003,879	+ 2,265,814
C. Cutlery, hardware, implements (except machine tools) and instruments ..	7,395,084	8,108,878	7,974,457	- 134,421	- 579,373
D. Electrical goods and apparatus (other than machinery and telegraph and telephone wire)	2,819,374	4,341,587	5,404,671	+ 1,063,084	+ 2,585,297
E. Machinery	30,960,678	33,158,015	37,027,582	+ 3,869,567	+ 6,066,904
F. Ships (new)	5,663,115	7,027,162	11,031,236	+ 4,004,074	+ 5,368,121
G. Manufactures of wood and timber (including furniture)	2,037,272	2,058,818	2,037,726	- 21,092	- 454
H. Yarns and textile fabrics—					
1. Cotton	120,063,355	122,219,939	127,206,820	+ 4,986,881	+ 7,143,465
2. Wool	37,239,197	37,773,504	37,686,781	- 86,723	- 447,584
3. Silk	2,381,528	2,225,739	2,157,013	- 68,726	- 224,515
4. Other materials	13,198,754	14,576,309	14,826,432	+ 250,123	+ 1,627,678
I. Apparel	13,820,465	15,722,778	16,426,112	+ 703,334	+ 2,605,647
J. Chemicals, drugs, dyes, and colours ..	20,053,129	21,036,390	22,012,238	+ 975,848	+ 1,959,109
K. Leather and manufactures thereof (including gloves, but excluding boots and shoes)	4,879,175	5,248,345	5,657,325	+ 408,980	+ 778,150
L. Earthenware and glass	4,713,298	4,973,374	5,214,186	+ 240,812	+ 500,888
M. Paper	3,310,966	3,559,377	3,678,680	+ 119,363	+ 367,714
N. Railway carriages and trucks (not of iron), motor-cars, cycles, carts, etc ..	8,125,047	9,758,210	11,373,566	+ 1,615,356	+ 3,248,519
O. Miscellaneous	30,809,362	32,357,802	34,240,678	+ 1,882,876	+ 3,431,316
Total, Class III	£ 362,222,627	£ 385,028,315	£ 411,572,145	+ 26,543,830	+ 49,349,518
IV.—MISCELLANEOUS AND UNCLASSIFIED (INCLUDING PARCEL POST) ..	£ 9,133,563	10,091,863	11,385,083	+ 1,293,220	+ 2,251,520
Total value ..	£ 454,119,298	£ 487,223,439	£ 525,461,416	+ 38,237,779	+ 71,342,114

be connected with the Atlantic by means of tributaries of this river, which are navigable for steamboats of considerable draught. Bolivia embraces an area of about 570,000 square miles. The population, slightly under 3,000,000 in number, is chiefly of Indian descent.

Relief. The surface, a high plateau surmounted by lofty peaks of the Andes in the west, declines to a low, fertile plain in the east.

Productions. Bolivia's products are mainly mineral, though there are several natural products from the forests. The india-rubber is of the finest quality, and almost inexhaustible. Cocoa is one of the most important products. The plant from which it is derived is raised in the valleys of the Andes, and exported to a considerable extent. The cinchona tree, from the bark of which quinine is produced, was first discovered in Bolivia. Of late years it has been found in the forests along the entire chain of the Andes. Efforts have been made to transplant the cinchona tree into Java, Ceylon, and India, and with such success that the best quinine now comes from these countries. The result of the East Indian competition has been to reduce the price of quinine more than half.

Bolivia is very rich in minerals. With only the most primitive methods of mining, the silver mines of Potosi are estimated to have produced £400,000,000 since their discovery. It is said that every ounce of ore that finds its way out of the Andes is carried on the back of a man or a llama, and the quartz is crushed by rolling logs upon it. By this method gold and silver to the amount of nearly £3,000,000 are annually mined. Besides the precious metals, copper, lead, tin, salt, and sulphur are found.

There is now a railway from Mollendo on the Peruvian coast, to Lake Titicaca, and some of the produce of Bolivia reaches a market by this route. Much of the other foreign trade is done through Arica and Antofagosta, on the Pacific coast. The trade through Argentina, once most extensive, has shown signs of decline, but the construction of a new railway line between the two countries, now far advanced, will probably create a revival. The exports comprise silver, Peruvian bark, rubber, gum, cocoa, coffee, copper, tin, and other ores. Silver forms two-thirds of the value of the exports.



Towns. La Paz, with a population of 95,000, is by far the most important town, as well as the seat of government, though Sucre is the nominal capital.

The only other towns of any consequence are Cochabamba and Oruro.

Mails are regularly dispatched twice a month via Southampton and Colon. La Paz is about 8,000 miles distant from London. The time of transit is between twenty-five and thirty days.

BOLIVIANO, BOLIVIANOS.—(See FOREIGN MONETARY—BOLIVIA.)

BOMBAZINE.—A light, twilled fabric, of which the warp is silk and the weft worsted. It has been made in England since the time of Elizabeth, and is now manufactured also in Northern Italy. Norwich is the chief centre of manufacture, but the demand for this article has been steadily decreasing for some years past.

BON.—The French word *bon*, meaning "good," is a term often found on various documents, such as coupons and bills, which have hence come to be called "Bons."

Bon pour Cinquante Francs, that is, good for fifty francs, is imprinted on coupons attached to Italian rentes. French Treasury Bonds (*Bons du Trésor*) have on their faces *Bon pour Mille Francs*, good for a thousand francs, or whatever the sum may be.

BONA FIDE.—This is a Latin phrase, signifying "in good faith." Its opposite is *malá fide*, which means "in bad faith."

The meaning attached to *bona fide* is practically the same whether it is used by a lawyer or by a layman. It implies, generally speaking, an absence of all dishonesty, fraud, deceit, wilful misrepresentation, or suppression of the truth. It is a necessary element in the formation of all ordinary contracts, although there are certain contracts which require more than *bona fides*, especially contracts of insurance, which belong to the class of *uberrimae fidei* (*q.v.*). "In good faith" is defined in the Bills of Exchange Act, 1882, and in the Sale of Goods Act, 1893, and as far as the contracts dealt with by these Acts are concerned it is declared in each of them that "a thing is deemed to be done 'in good faith' within the meaning of this Act when it is in fact done honestly, whether it be done negligently or not."

BONA FIDES.—Good faith, the nominative case of *bona fide* (*q.v.*).

BOND.—In addition to the use of the term as denoting certain securities (for which see under BONDS), a bond is, in a legal sense, a writing of obligation, under seal, to pay a sum of money or to perform a contract. The person who binds himself is called the obligor, whilst the person who is intended to be benefited by the bond is called the obligee.

All the general rules applicable to the formation of a contract attach to a bond, which is, of course, a special kind of contract. Thus, an infant or a lunatic cannot bind himself, though he may take a benefit under the bond. No technical wording is required. There must not, however, be any ambiguity, otherwise the bond may be void; and as it is a deed, there must be due execution and delivery.

Generally, a bond is executed subject to a condition, and it becomes void upon the performance or the non-performance of the condition, as the case may be. A penalty is invariably inserted, and the amount of the penalty is usually double the sum intended to be secured by the instrument. In case of a breach, this double amount cannot be sued

for, but only the actual amount with interest and any possible sum in addition as damages.

If the condition of a bond is that the obligor shall not do a certain thing under a penalty, the obligor cannot make his election so as to pay the penalty and do the thing. The court will, if moved, not only make him pay the penalty, but will also restrain him, by injunction, from committing the breach of the condition.

The bond being under seal, the Statute of Limitations does not run against it until twenty years after the right to sue upon it has accrued.

Bonds are sometimes required to insure the due performance of legal or official duties. For example, an administrator is compelled to give a bond for the due administration of the estate which is about to be placed in his hands.

A specimen of a common form of bond is given as an inset.

The stamp duties payable on the execution of a bond, under the Stamp Act, 1891, are as follows—

Bond for securing the payment or repayment of money or the transfer or re-transfer of stock.

(See MORTGAGE, ETC., and MARKETABLE SECURITY.)

Bond in relation to any annuity upon the original creation and sale thereof

(See CONVEYANCE ON SALE)

Bond, Covenant, or Instrument of any kind whatsoever.

(1) Being the only or principal or primary security for any annuity (*except upon the original creation thereof by way of sale or security, and except a superannuation annuity*), or for any sum or sums of money at stated periods, not being interest for any principal sum secured by a duly stamped instrument, nor rent reserved by a lease or tack.

For a definite and certain period, so that the total amount to be ultimately payable can be ascertained.

(The Inland Revenue do not, in practice, charge duty on more than twenty times the annual sum.)

For the term of life or any other indefinite period.

For every £5, and also for any fractional part of £5, of the annuity or sum periodically payable ..

(2) Being a collateral or auxiliary or additional or substituted security for any of the above-mentioned purposes where the principal or primary instrument is duly stamped.

Where the total amount to be ultimately payable can be ascertained ..

£ s d

The same *ad valorem* duty as a bond or covenant for such total amount.

The same *ad valorem* duty as a bond or covenant of the same kind for such total amount.

In any other case—

£ s. d.

For every £5, and also for any fractional part of £5, of the annuity or sum periodically payable..

0 0 6

(3) Being a grant or contract for payment of a superannuation annuity, that is to say, a deferred life annuity granted or secured to any person in consideration of annual premiums payable until he attains a specified age and so as to commence on his attaining that age.

For every £5, and also for any fractional part of £5, of the annuity Bond given pursuant to the directions of any Act, or of the Commissioners or the Commissioners of Customs, or any of their officers, for or in respect of any of the duties of excise or customs, or for preventing frauds or evasions thereof, or for any other matter or thing relating thereto.

0 0 6

The same *ad valorem* duty as a bond for the amount of the penalty.

Where the penalty of the bond does not exceed £150.

In any other case ..

0 5 0

Exemption.

Bond given as aforesaid upon, or in relation to, the receiving or obtaining, or for entitling any person to receive or obtain, any drawback of any duty of excise or customs, for or in respect of any goods, wares, or merchandise exported or shipped to be exported from the United Kingdom to any parts beyond the seas, or upon or in relation to the obtaining of any debenture or certificate for entitling any person to receive any such drawback as aforesaid.

And see Section 42 as follows—

"If any person required by any Act for the time being in force or by the Commissioners, or any of their officers, to give or enter into any bond for or in respect of any duty of excise, or for preventing any fraud or evasion in relation to any such duty, or for any matter or thing relating thereto, includes in one and the same bond any goods or things belonging to more persons than one, not being partners or joint tenants, or tenants in common, he shall for every offence incur a fine of fifty pounds."

Bond on obtaining letters of administration in England or Ireland, or a confirmation of testament in Scotland ..

0 5 0

Exemptions.

(1) Bond given by the widow, child, father, mother, brother, or sister of any common seaman, marine, or soldier, dying in the service of His Majesty.

(2) Bond given by any person where the estate to be administered does not exceed £100 in value.

[FACSIMILE OF BOND FOR PAYMENT OF MONEY BY INSTALMENTS]

KNOW ALL MEN by these presents that I John Jones of 395 Eldon Road Southtoun in the County of Blankshire General Merchant am held and firmly bound to Samuel Smith of Sherston House Northbridge in the County of Whiteshire in the sum of ONE THOUSAND POUNDS to be paid to the said Samuel Smith or to his executors administrators or assigns for which payment to be well and truly made I bind myself my heirs executors and administrators firmly by these presents.

SEALED with my seal and dated this 2nd day of December 19.

Signed sealed and delivered
by the said John Jones in
the presence of

} JOHN JONES

(L. S.)

WILLIAM ROBINSON,

895 Round Street,

Southtoun,

Clerk.

• NOW THE CONDITION of the above-written bond or obligation is such that if the above-bounden John Jones his heirs executor or administrators shall pay unto the said Samuel Smith his executors administrators or assigns the sum of Five hundred pounds by the instalments following (that is to say) the sum of

One hundred pounds on the 1st day of March next ensuing the sum of One hundred pounds other part thereof on the 1st day of June next ensuing and the sum of Three hundred pounds the residue thereof on the 2nd day of December 19-- and if the said John Jones his heirs executors or administrators shall at the several times hereinbefore appointed for payment of the said several instalments of the said sum of Five hundred pounds pay unto the said Samuel Smith his executors administrators or assigns interest for the said sum of Five hundred pounds or such part thereof as for the time being shall remain unpaid after the rate of Five pounds for every One hundred pounds by the year (such interest to commence and be computed from the day of the date of the above-written bond or obligation) THEN the above-written bond or obligation shall be void otherwise the same shall remain in full force and virtue.

Bond of any kind whatsoever not specifically charged with any duty—

- Where the amount limited to be recoverable does not exceed £300 ..

The same *ad valorem* duty as a bond for the amount limited.

£ s d.
0 10 0

In any other case

Bond, accompanied with a deposit of title deeds, for making a mortgage, wadset, or other security on any estate or property therein comprised

(See MORTGAGE, etc., and Section 86.)

Bond, Declaration, or other Deed of Writing for making redeemable any disposition, assignation, or tack, apparently absolute, but intended only as a security.

(See MORTGAGE, etc., and Sections 23 under AGREEMENT and 86 under MORTGAGE.)

BONDED GOODS.—These are imported goods which are liable to pay duty, and which are deposited in a Government or bonded warehouse (*q.v.*) until such duty is paid. The goods, so long as they remain in the warehouse, are said to be "in bond," a bond having been signed on behalf of the owners that the duty will be paid when they are taken out for being dealt with.

BONDED VAULTS.—These are chiefly underground cellars, where wines and spirits are kept in bond, or upon which the duty has not been paid.

BONDED WAREHOUSE.—This is a warehouse established by the State or by private enterprise, in which goods liable to duty are lodged until the duty upon them has been paid. Previous to the establishment of bonded warehouses in England, the payment of duties on imported goods had to be made at the time of importation, or a bond with security for future payment given to the revenue authorities. A merchant who might import a thousand pounds worth of wine or tobacco, if he only paid duty on it by instalments as it went out to the dealer, would be quite unable to import so much if he had to pay somewhere from one to five thousand pounds of duty on its arrival. The system of bonded warehouses was hence adopted. The taxable commodity thus came to be locked up in a Government warehouse, and the duty to be paid on the removal, along with a proportional fee or rent for the custody of the article or its accommodation in Government premises. Bonding in this manner was part of the scheme of Sir Robert Walpole in 1733, generally known as the Excise Scheme, which was defeated from its unpopularity, and it was not till 1803 that the system was actually adopted. By an Act of that year, imported goods were to be placed in warehouses approved by the Customs authorities, and importers were to give "bonds" for payment of duties when the goods were removed. It was from this that the warehouses received the name of "bonded" or "bonding." The Customs Consolidation Act, 1853, dispensed with the giving of bonds, and laid down various provisions for securing the payment of customs duties on goods warehoused. These provisions are contained in the Customs Consolidation Act, 1876, and the amending statutes, the Customs and Inland Revenue Act, 1880, and the Revenue Act, 1883. The warehouses are known as "king's warehouses," and are defined by the Act

of 1876 as "any places provided by the Crown or approved by the Commissioners of Customs, for the deposit of goods for security thereof, and the duties due thereon." This process, by which the Crown holds in custody the goods of private persons, has produced some curious effects on mercantile law and trading practices. When transactions have taken place about bonded goods, should they be injured or destroyed, it may come to be a question of nice adjustment who is to bear the loss, seeing there is not possession to show ownership; and still nicer questions sometimes arise as to whether such goods are or are not part of a bankrupt estate. There is a difficulty in securing money upon goods without transferring their absolute possession. The warehousing system, however, by retaining the goods for the owner, whoever he may be, has created a complete system of paper-money in the transference of the title-deeds, as they may be called, of such goods—the dock warrants or other documents—the possession of which is equivalent to possession of the goods. When the goods are in bond the owner may subject them to various processes necessary to fit them for the market, such as the re-packing and mixing of tea, the vatting and bottling of wines and spirits, the roasting of coffee, the manufacture of certain kinds of tobacco, etc., and certain specific allowances are made in respect of waste arising from such processes or from leakage, evaporation, and the like.

BOND NOTE.—This is a printed form filled in by an exporter, and signed by an official of the Custom House, before dutiable goods can be transhipped or removed from a bonded warehouse for export, or even removed from one bonded warehouse to another.

BOND TO BEARER.—(See MARKTABLE SECURITY.)

BONDS.—The word "bond" is used in a broad sense to denote a security payable to bearer, which can be passed from hand to hand without the formality of transfer by deed or otherwise, the holder for the time being being the recognised owner. The term covers every description of Government or municipal loan, and the debenture or other funded debt of a company, provided it is issued in bearer form. Shares or preferred or ordinary capital stock, even though issued in the shape of a bearer security, are not termed bonds, but if issued in the shape named, are known as share warrants to bearer, or bearer shares. Bonds have attached to them coupons for payment of interest; on the due dates the respective coupon is detached and presented for encashment to the paying bank or institution.

As they are transferable by the mere passing from hand to hand, considerable care is taken in the printing of bonds, and the rules of most Stock Exchanges provide various safeguards in the matter of printing. Each bond has a distinctive number printed upon it, as well as upon each coupon attached to it, and in presenting the latter it is customary for the paying agents to require that it shall be lodged with them four days, for examination and recording purposes, before the cheque for the amount due is handed out. If all the coupons become used up before the bond has been paid off, a fresh sheet, bearing additional coupons, with the same distinctive number, is issued against surrender of the "talon," which is a large coupon designed for this specific purpose, forming part of the bond.

We give the wording of a typical bond—

DOMINION OF CANADA.

PROVINCE OF BRITISH COLUMBIA.

POUNDS

POUNDS

100

100

STERLING.

STERLING.

DEBENTURE OF THE CITY OF NEW
WESTMINSTER.

DEBENTURE No. 121.

THIS DEBENTURE is one of a series of 134 like Debentures of £100 Sterling, each numbered from 3476 to 3609, issued under the Municipal Clauses Acts and by-law number 781 of the City of New Westminster.

THE CORPORATION OF THE CITY OF NEW WESTMINSTER hereby promises to pay to the bearer of this Debenture the sum of ONE HUNDRED POUNDS (£100)

Sterling, on the 17th day of November, 19... at the office of the Bank of Montreal, London, England, and to pay interest thereon at the rate of Four and a half per centum per annum from the date hereof, half-yearly, at the Bank of Montreal, London, England, on the 1st day of January and the 1st day of July in each year, to the bearer of the Interest Coupons hereto annexed, as they respectively become due, on presentation and surrender thereof to the said Bank, or upon satisfactory proof of ownership and indemnity in case of loss.

THIS DEBENTURE and the Interest thereon is secured by the special rates charged, levied, and imposed, and to be collected under the above By-law No 781, and the funds from time to time representing the same.

IN WITNESS WHEREOF, the Corporation of the City of New Westminster has caused these presents to be signed by the Mayor and the Clerk of the said Corporation, and sealed with its Corporate Seal, this 17th day of July, 19...

.....
Clerk of
New Westminster

.....
Mayor of
New Westminster.

CITY OF NEW WESTMINSTER.
British Columbia.

£2 10s 0d.

One half-year's interest due 1st Jan'y., 19... on Debenture No. 121, for Two Pounds Ten Shillings Sterling.

Payable at the Bank of Montreal, London, England

.....Mayor of New Westminster.
Coupon No. 1.

Practically all foreign Government and public authorities—and nowadays most of the Colonial ones also—~~issue~~ their loans in the shape of bearer bonds. Abroad, bearer securities are the general rule, and in America practically all debentures are issued in this shape. To meet the wishes of certain investors, some authorities and companies make provision for the registration of bonds as to principal.

This means that on complying with certain formalities, an individual proprietor may be registered as the owner of the bonds in such a manner that the particular bond cannot be transferred without his signature, but interest continues to be paid against presentation of the coupons. Particulars of various classes of bonds will be found under the heading of AMERICAN SECURITIES.

As to the stamping of bonds, see MARKETABLE SECURITIES.

BONE BLACK.—Also known as animal charcoal. It is the name given to the product obtained from the destructive distillation of bones. It consists chiefly of phosphate and carbonate of lime, with a small proportion of carbon. Bone black is mainly used in sugar refining, owing to its properties as a decolorant. It is also employed as a deodoriser and as the basis of the pigment "ivory black."

BONE EARTH.—The residue of mineral matter obtained by burning bones in an open furnace. It contains a large percentage of calcium phosphate, and is used in preparing phosphorus and phosphoric acid. It is also the chief constituent of various manures. South America supplies the United Kingdom. Bone ash is another name for the same product.

BONUS.—This is a special allowance, premium, or gift to the shareholders of a company over and above the ordinary dividend. In this form the "extra dividend," for that is what it practically is, does not constitute a precedent. Also in the case of life insurance, a successful company will sometimes, after a certain number of years, give a bonus to the insured person, either as a lump sum down, or to be applied in reduction of the annual premium. Again, the granting of a bonus to employees is now a common method of encouraging faithful services at certain intervals. The amount of the bonus will depend upon the net profits derived from the business, and the method of distribution varies according to circumstances. As giving a certain interest in the success of a business concern, this method almost invariably leads to excellent results, and is an admirable means of preventing trade disputes.

BONUS SHARES.—As a bonus is, generally speaking, something which is given gratis, bonus shares are those which are distributed without anything being paid for them directly. Except in so far as is allowed by Section 89 of the Companies (Consolidation) Act, 1908, bonus shares cannot legally be issued either to subscribers or to others, and if this is actually done the recipients are liable to pay the whole amount in cash. By the section just named it is lawful for a company "to pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company." The commission to be paid must not exceed that which is named in the articles of association, and must be disclosed in the prospectus, or the statement issued in lieu of the prospectus as the case might be. The effect of the Act is to permit the payment of a commission in cash or shares provided that there is nothing secret about the matter, and it avoids the underhand methods that used to be employed for the purpose of evading the law.

The undivided profits of a company are frequently capitalised and divided amongst the shareholders as new shares and these are known as "bonus shares."

In reality this is nothing else than the distribution of an additional or extra dividend, and the method of carrying out the distribution of these shares is by the company's declaring a dividend payable out of the reserve fund, representing accumulated profits, so that each member becomes a creditor of the company to the extent of the dividend due to him, and thus the debt is satisfied by the issue of paid-up shares. Thus the difficulty of issuing shares without payment is overcome, they are, in fact, paid for by the shareholders.

A somewhat difficult question has arisen in connection with bonus shares, namely, whether they are to be regarded as capital or income. In 1887, in the case of *Bouch v. Sproule*, 12 App. Cas. 385, it was held—but "under the circumstances"—that as between the tenant for life (*qv*) and the remainderman (*qv*) they are capital. From this case it has been argued that the recipient of bonus shares is not liable to pay income tax or super-tax on the same, and a decision in accordance with this view was given by Mr. Justice Rowlatt in the case of *Commissioners of Inland Revenue v. Blott*, 1919, 35 T.L.R. 689. No doubt this decision will be reviewed by the Court of Appeal, and probably also by the House of Lords.

BOOK DEBTS.—The amounts outstanding and owing to the person or firm in whose books they appear. The amount of these will be found included among the assets in the balance sheet of a concern, usually under the heading "Sundry Debtors." The book debts of a business always require strict supervision, as the financial position of a firm depends upon the amount of circulating capital represented by Book Debts being kept within certain limits and subject to restrictions as to length of credit allowed for payment.

At the period of making up the accounts of a business, it is essential that the list of Book Debts should be carefully scrutinised and so dealt with, that the figure at which they are included in the balance sheet is such as can reasonably be expected to be received from the debtors representing the amount. It is, therefore, necessary to consider whether the amounts are owing by reliable persons or otherwise. The result of the examination of these items is usually that they are divided into three classes: Good, doubtful, and bad. The former are, of course, taken into account in full, less a reserve for discount which it is anticipated will have to be allowed on receipt of the amounts. Among the doubtful ones will be found amounts due from persons to whom continuous application has been made, or whose financial standing is such that more risk has been taken in allowing credit, and losses may be expected. These losses are provided for by a reserve being created, and the amount of the debts being written down to their estimated total value.

• The debts considered to be bad are eliminated altogether, being charged against profits.

BOOK-KEEPING, GENERAL.—The history of the art of Book-keeping will be found largely in the history of Italy during the Middle Ages, its Republican Government necessitating the adoption of accurate methods of dealing with State affairs. Systems are, however, known to have existed in Athens, these being copied by Rome, and Italy deriving her methods from both her forerunners.

Although a system of single entry appears to have been sufficient up to about the year 1000, the progress of commerce between nations necessitated

more complicated and better methods of keeping accounts. Thus it was that the commercial prosperity of Italy gradually developed the system of double entry, first known as the Venetian system.

Although many examples exist of books kept on correct double entry principles between the years 1340 and 1440 (mostly in Roman numerals), it was left to Luca Pacioli, a Franciscan monk, who was born about the middle of the fifteenth century, to write the first work on book-keeping, published in Venice in 1494, and entitled *De Computis et Scripturis*. Pacioli, although primarily a mathematician, deals in his books not only with arithmetic, algebra, and geometry, but with rents, imposts, hiring, exchanges, interests, tariffs, and commercial usages; and it is noteworthy that his treatise was an addendum to his *Summa de Arithmetica*, which was a summarisation of the then existing knowledge of mathematics. In the treatise, however, the practice of the times is clearly laid down, and explanations given showing a thorough grasp of the essential points, each separate transaction being kept in a separate account, it being characteristic of the commerce of the times to look upon a merchant's business as a series of individual transactions instead of the continuous process which is the characteristic of the operations of today, this being the result of the varied nature of the articles dealt in, and the insecurity of transit in those times.

The earliest work in the English language is a translation of Pacioli's *De Computis et Scripturis* by Oldcastle, produced in London in 1543.

Book-keeping may be defined as the art of correctly recording transactions involving the transfer of money or money's worth, and the essentials of a useful record are: (1) Explicitness, such that the transaction may be readily followed at any future time by a person having no knowledge of the transaction itself; and (2) classification, such that at any time the combined effect of the transactions may readily be ascertained. At the same time, in outlining a practical system, it must not be lost sight of that such a system must not necessitate an amount of labour out of proportion to the results obtained. It is this fact which has led to wide divergence between the methods adopted in this country and those adopted on the Continent, English systems usually relying greatly upon documents subsidiary to the books of account (such as invoices), whilst most Continental systems so minutely record each individual transaction as to involve an immense amount of labour, but lose sight of methodical classification.

In spite of the highly organised systems of book-keeping now in vogue, and of the numerous textbooks on the subject which have been published, combined with the facilities now afforded by commercial educational authorities, we still find tradesmen, often with businesses of some magnitude, conducting their accounts on the most rudimentary principles, small memorandum books and even scraps of paper being the only form in which they keep a record of their transactions. In these cases, there is no attempt at classification or methodical entry, and having balanced their cash at the end of the day's operations, even these records are only too often destroyed. Even if preserved, the information can only be ascertained by an arduous sorting out of the items. With others the books are of all sizes and shapes, and the entries therein are characterised by crossing out and alterations. The items,

are badly arranged, and often scored through as soon as payments have been made or received. Thus, the strength or weakness of the person's financial position is unknown to him owing to his not recognising the benefits to be derived, from a system of book-keeping properly adapted to his particular business and requirements. No system will give this information except one which is based on double entry principles. Such a system will, however, give information which will enable failure to be avoided, which will enable the business to be regulated in regard to both the saving of unnecessary expenses and the expenditure which may be necessary for its extension, which will enable the best price to be obtained for the business should it ever be sold or converted into a limited company, or a partner be taken (he may be paying a premium for entering) or after the death of the owner enable his beneficiaries to dispose of it to the best advantage. Difficulties in regard to income tax assessments are also avoided, the necessary returns being easily compiled, and the accounts desired by the surveyors of taxes may be at once submitted, together, if necessary, with the proof of their correctness.

Book-keeping should not only be looked upon as a means to the ascertainment of profit or loss, but should be considered as the principal lever in the guidance and control of a business. Thus the classification of its records should be such that a constant oversight of manufacturing costs, purchase prices of materials, selling prices of goods, turnover, and the various expenses of conducting the business is obtained. These matters should be constantly compared with the known results of past periods and if obtainable, with known results of other businesses of similar character. The working in past periods should form the basis of estimates for the future, having regard to any matters which it is known will cause fluctuation in results, such estimates being revised as soon as it is found that the working does not produce the anticipated result. In fact, it is only by thorough systems of book-keeping that the operations of our large business houses, both privately owned and limited companies, our great banks, our co-operative societies, our insurance companies, and our municipal and urban authorities, are conducted, such a system of control being effected so as to place the position from time to time in such a form that it may be dealt with as a whole by the responsible heads.

Book-keeping, in its fullest sense, however, not only necessitates a knowledge of a system—it is essential that an acquaintance should be had with the various documents employed in commercial transactions, and that the legal aspects of such transactions should also receive attention, for the provisions of Acts of Parliament and conditions laid down in agreements have often to be interpreted through the medium of accounts. Of Acts of Parliament which must be considered in dealing with the accounts of the concerns to which they relate, the following may be cited—

Partnership Act, 1890.
Limited Partnership Act, 1907.
Companies (Consolidation) Act, 1908
Trustees' Act, 1893.
Bankruptcy Act, 1914 ;

and also many others relating to railway companies, gas and water companies, educational and municipal authorities, insurance companies, etc.

The two great rules which apply to double entry, and by which every transaction may be dealt with, are—

(1) Debit the account of the receiver of the item, and credit the account of the sender of the item.

(2) All debits are either assets or losses; all credits are either liabilities or profits.

In order to effect saving of time, one of the entries is often made by means of totals, the use of the ordinary books required in a merchant's business being discussed under BOOKS OF ACCOUNT.

In order to exemplify the keeping of a simple series of transactions, the application of the above rules in the treatment of items of common occurrence are here given, the principle being capable of extension to every class of transaction, and these are followed by a series of items illustrating the actual entries in the books.

Introduction of Cash as Capital. Here the business receives the cash; therefore, the cash is debited and, as the owner of the business sends the cash to the business, he is credited. The owner's account is called the capital account, instead of being headed with his own name, as would be the case with other creditors

Paid Cash into the Bank. The bank is debited, as the banker receives the cash; while the cash is credited for sending it out.

Drew Cash from the Bank. This is the reverse of the previous item, the cash receiving and the bank sending the cash; hence cash is debited and bank credited.

Bought Goods for Cash. It is apparent that here goods have come in, and so the purchases account is debited by the entry through the purchases book; while cash goes out, and, therefore, cash is credited.

Bought Goods on Credit. Goods come in as in the last item, and, therefore, purchases account is debited with their receipt by their entry through the purchases book; but a person sends them, and accordingly an account is opened for the person, and the item posted to the credit of such account. He is a *creditor* for the amount of the purchase

Sold Goods for Cash. Cash is received, therefore cash is debited, and the goods going out, sales account is credited by their entry through the sales book.

Sold Goods, Giving Credit. In the same way, as in the previous item, goods go out, and, therefore, sales account is credited by their entry through the sales book; but as cash is not obtained for them, a personal account for the person to whom the goods are sold is debited with their receipt. He is a *debtor* for the amount of the sale.

Received Cash or Cheque in Payment for Goods Sold on Credit. The cash in the one case, the bank in the other, is the receiving account, and is, therefore, debited, the person paying being credited with the amount

Received Cash or Cheque in Payment for Goods, and Allowed Discount. The cash or the bank in this case is debited with the actual amount received. Nevertheless, the person owing the amount has settled his account, and, this being so, he is credited with the full amount due from him. Still, a debit is required for the difference which is represented by the discount allowed, and, therefore, such discount is entered to the discount column in the cash book, its total being posted periodically to discounts account in the ledger.

Paid Cash or Cheque for Goods Purchased on Credit. Here the person to whom the money is owing receives it, and he is, therefore, debited with the amount, the cash or bank, as the case may be, being credited for sending the money.

Paid Cash or Cheque for Goods Purchased on Credit, and Received a Discount. As in the previous item, the full amount which was due to the creditor has been settled, and, therefore, his account is debited for the receipt of the full amount; but the cash or the bank, as the case may be, has not sent the whole sum, and they can only be credited with the actual amount paid. Hence, a credit is required for the balance representing discount, and this is done by crediting it to discount account, through the medium of the discounts column in the cash book.

Received a Bill in Payment for Goods. Bills receivable account is debited with the bill, sales account being credited through the day book entry.

Received a Bill in Settlement of an Account. In this case, bills receivable account is debited for the receipt of the bill, and the person who owed the money is credited for having sent it.

Paid Wages by Cash. A wages account is opened which, of course, receives the amount paid as wages, being debited with same. Cash, having sent the amount, is credited.

Paid Salaries by Cheque. The treatment is similar to that in the last item, salaries account being debited with the receipt of the amount, and the bank credited for having sent the money out.

Paid Rent. Similar to the last item, a rent account being opened and debited; cash or bank being credited.

Drew for Personal Use. The owner draws cash from the business, but the withdrawal must not be thought to affect profit. The owner simply takes away from the business some of its assets, so reducing his capital. An account is opened for him which is called his "Drawings Account," which is debited with the receipt of the amount, cash or bank, as the case may be, being credited.

Gave a Bill in Settlement of an Account. The person to whom the bill is given is debited, and bills payable account is credited.

Gave Cheque in Payment of Bill. A bill is redeemed and comes back; hence bills payable account is debited, and the bank is credited.

Met a Bill. Bills may be simply cashed by the bank on the date agreed upon (maturity), just as a cheque may be cashed. Hence, bills payable account is debited and bank credited, as would be done in the case of a payment by cheque.

Received Cash for Bill Due. Cash comes in, therefore, cash is debited. It comes in from a bill receivable; therefore, bills receivable account is credited.

Discounted Bill. Money may be obtained from a banker for a bill receivable before it is due, but, of course, the banker charges something for allowing the use of the money. The bank is, therefore, debited for the amount allowed; discount is debited for the difference between the sum actually received and that named on the bill, and bills receivable account is credited for the whole amount, the item under consideration being thus cancelled.

Paid Bill to Bank for Collection. The bank receives the bill and is debited. Bills receivable account sends it, and is, therefore, credited.

Bill Due Dishonoured and Charges Paid. When

money is not found by the party who has undertaken to find it at the date agreed upon, and the bill is, therefore, returned by the bank (to whom it has been entrusted for collection), it is said to be dishonoured. The person from whom it was received is again liable and is debited, while the bank is credited.

The banker, however, makes a charge for his trouble, and he may also have incurred expenses in connection with the bill. As this is the fault of the person who has failed to "meet" his bill, he is liable to reimburse the amount. Hence, he is debited with these charges, and the bank credited for having paid them.

On January 1st, Henry Micawber commenced business as a cloth merchant, etc., with a capital of £1,000. The following were his transactions for the month—

		£	s.	d.
Jan. 2	Paid into Bank	900	0	0
" "	Bought of Maple & Son, Furniture, for which he paid by cheque same day	74	10	0
" "	Paid for Sundry Fittings and Fixtures, cash	26	10	0
" "	" " Account Books and Stationery	25	11	0
" "	Purchased on credit, from John May, goods as per invoice	799	15	0
" "	Bought Goods for Cash	40	0	0
" 4	Purchased on credit from Dobbin & Co, goods value	350	0	0
" "	Returned to John May 25 pcs. Muslins, 1,000 yds. @ 15 s/d.	72	18	4
" 5	Sold to Sellers & Co., Ltd., goods as follows— 75 pcs. Silestias, 3,167 yds. @ 4d. 15 8 200 pcs. Zephyrs, 8,000 yds @ 2 1/2d. 91 13 4 100 pcs. Prints, 4,272 yds @ 3 1/2d. 57 17 0 25 pcs. Muslins, 1,000 yds. @ 17 1/2 81 5 0 61 pcs. Fancies, 5,035 yds. @ 3 1/2d. 78 13 5	362	4	5
" 6	Gave Sellers & Co., Ltd., Credit Note for goods returned and shortage as follows— 25 pcs. Silestias, value .. £17 10 0 Shortage on Prints .. 0 1 11	17	11	11
" 7	Sold Goods for Cheque	250	0	0
" 8	" " to Pickwick Bros.	655	0	0
" 9	Pickwick Bros. gave a Bill @ 3 m/d for £335 on account of their purchase yesterday, and also a cheque for £100	425	0	0
" 10	Paid Cheque for Goods purchased from Dobbin & Co.	341	15	0
" "	Discount allowed by them	8	5	0
" "	Drew Cheque for Petty Cash	10	0	0
" "	Paid Cheque to Royal Insurance Co for Premium on Fire Policy	7	10	0
" "	Paid John May Cheque in Settlement of Account	708	13	0
" 11	Received from Sellers & Co., Ltd., Cash £50 and Cheque for Balance of Account, less 2 1/2% discount.			
" 15	Paid into Bank	40	0	0
" 17	Purchased from John May, Goods	295	0	0
" 20	Purchased from Dobbin & Co., Goods value £200, and gave them a Bill for £100 on account.			
" 27	Sold Goods to Sellers & Co., Ltd.	145	0	0
" "	Drew from Bank	100	0	0
" 30	Paid Wages and Salaries in Cash	35	5	0
" 31	Drew from Bank for private purposes	23	0	0
" "	Took Stock and found it amounted to	320	0	0
" "	The Petty Cash Book showed the following expenses had been incurred, the amount being reimbursed to the petty Cashier— Postages and Sundry Expenses / 3 9 4 Carriage 0 10 6			
		3	19	10

PURCHASE BOOK.

		£	s.	d.
Jan. 3	John May	799	15	0
" "	Cash Purchase	40	0	0
" 4	Dobbin & Co.	350	0	0
" 17	John May	295	0	0
" 20	Dobbin & Co.	200	0	0
		£1,684	15	0

OUTWARDS RETURNS BOOK.

JANUARY.

	£	s.	d.
Jan. 25 John May Muslins, 1,000 1/5	72	18	4
	£72	18	4

INWARDS RETURNS BOOK.

JANUARY.

	£	s.	d.
25 Sellars & Co., Ltd.— Silesias, 1,050 Shortage Prints	17	10	0
	1	11	
	£17	11	11

DAY BOOK.

JANUARY.

	£	s.	d.	£	s.	d.
Sellers & Co., Ltd.—						
Silesias, 3,167 ..	4	52	15	8		
Zephyrs, 8,000 ..	21	91	13	4		
Prints, 4,272 ..	31	57	17	0		
Muslins, 1,000 ..	1/7	81	5	0		
Fancies, 5,035 ..	31	78	13	5		
				362	4	5
Cash Sale — 7 —				250	0	0
Pickwick Bros — 8 —				655	0	0
(Details) — 27 —						
Seller & Co., Ltd. (Details.)				145	0	0
				£1,412	4	5

CASH BOOK.

Dr.	CASH.	CONTRA.	Cr.
	£ s. d.	£ s. d.	£ s. d.
Jan. 1 To Capital	1000 0 0		
" 2 " Cash per contra		900 0 0	
" 7 " Cash Sale		250 0 0	
" 9 " Pickwick Bros		100 0 0	
" 11 " Sellers & Co	8 12 6	50 0 0	
" 15 " Cash per contra		40 0 0	
" 27 " Bank " "		100 0 0	
	£8 12 6	1150 0 0	1576 0 0
Feb. 1 To Balances	b/d	78 14 2	308 12 0

PURCHASE LEDGER.

JOHN MAY.

Dr.	Cr.
	£ s. d.
Jan. 4 To Returns	72 18 4
" 10 " Cheque	708 13 0
" " Discount	18 3 8
	£799 15 0
Jan. 3 By Goods	799 15 0
Jan. 17 By Goods	£295 0 0
DOBBIN & CO.	
Jan. 10 To Cheque	341 15 0
" " Discount	8 5 0
	£350 0 0
Jan. 4 By Goods	350 0 0
" 20 By Goods	200 0 0
Feb. 1 By Balance	£200 0 4 5
	£100 0 0

SALES LEDGER.

SELLERS & CO., LTD.

Dr.	Cr.
	£ s. d.
Jan. 5 To Goods	362 4 5
Jan. 6 By Returns	17 10 0
" 11 " Shortage	0 1 11
" " Cash	50 0 0
" " Cheque	286 0 0
" " Discount	8 12 6
	£362 4 5
Jan. 27 To Goods	£145 0 0

Dr.		PICKWICK BROS.		Cr.	
Jan. 8	To Goods	£	s. d.	£	s. d.
		655	0 0	325	0 0
				100	0 0
				230	0 0
				£655	0 0
Feb. 1	To Balance	230	0 0		

NOMINAL LEDGER
PURCHASES ACCOUNT.

Dr.		Cr.	
Jan. 31	To Sundry Purchases	£	s. d.
		1,684	15 0
		£1,684	15 0
Jan. 31	By Returns	£	s. d.
		17	11 11
	By Trading Account	1,611	16 8
		£1,684	15 0

SALES ACCOUNT

Dr.		Cr.	
Jan. 31	To Returns and Shorts	£	s. d.
		17	11 11
	By Trading Account	1,394	12 6
		£1,412	4 5
Jan. 31	By Sundry Sales	£	s. d.
		1,412	4 5
		£1,412	4 5

SALARIES AND WAGES

Dr.		Cr.	
Jan. 30	To Cash	£	s. d.
		35	5 0
Jan. 31	By Profit and Loss Account	£	s. d.
		35	5 0

SUNDRY EXPENSES

Dr.		Cr.	
Jan. 3	To Books and Stationery	£	s. d.
		25	11 0
	Postages and Sundries	3	9 4
		£29	0 4
Jan. 31	By Profit and Loss Account	£	s. d.
		29	0 4
		£29	0 4

CARRIAGE

Dr.		Cr.	
Jan. 31	To Cash	£	s. d.
		0	10 6
Jan. 31	By Profit and Loss Account	£	s. d.
		0	10 6

RENT, RATES, TAXES, AND INSURANCE

Dr.		Cr.	
Jan. 10	To Royal Insurance Co.	£	s. d.
		7	10 0
Jan. 31	By Profit and Loss Account	£	s. d.
		7	10 0

DISCOUNT

Dr.		Cr.	
Jan. 31	To Sundry Discounts	£	s. d.
		8	12 6
	By Profit and Loss Account	17	16 2
		£25	8 8
Jan. 31	By Sundry Discounts	£	s. d.
		26	8 8

PETTY CASH

Dr.		Cr.	
Jan. 10	To Cash	£	s. d.
		10	0 0

BILLS RECEIVABLE

Dr.		Cr.	
Jan. 9	To Pickwick Bros	£	s. d.
		325	0 0

BILLS PAYABLE.

Dr.		Cr.	
Jan. 20	By Dobbin & Co.	£	s. d.
		100	0 0

STOCK ACCOUNT.

Dr.		Cr.	
Feb. 1	To Trading Account	£	s. d.
		320	0 0

[BOO]

BUSINESS MAN'S ENCYCLOPAEDIA

[BOO]

PRIVATE LEDGER.

CAPITAL ACCOUNT.

Dr.				Cr.			
		£	s. d.			£	s. d.
Jan. 31	To Drawings Account	c/d	25 0 0	Jan. 1	By Cash	1,000	0 0
" "	" Balance		1,023 6 2	" 31	" Net Profit, as per P. and L. A/c...	48 0 2	
			<u>£1,048 6 2</u>			<u>£1,048</u>	<u>6 2</u>
				Feb. 1	By Balance	b d	1,023 6 2

Dr.				Cr.			
		£	s. d.			£	s. d.
Jan. 2	To Sundries		74 10 0				
" "	" (Detail)		26 10 0				
			<u>£101 0 0</u>				

Dr.				Cr.			
		£	s. d.			£	s. d.
Jan. 31	To Cash		25 0 0	Jan. 31	By Capital Account		25 0 0

TRIAL BALANCE, JANUARY 31.

Dr.				Cr.			
		£	s. d.			£	s. d.
Sundry Creditors						395	0 0
Debtors		375	0 0				
Cash in Hand		78	14 2				
" Bank		308	12 0				
<i>Nominal Ledger—</i>							
Purchases Account		1,611	16 8				
Sales						1,394	12 6
Salaries and Wages		35	5 0				
Sundry Expenses		29	0 4				
Carriage		0	10 6				
Rent, Rates, Taxes, and Insurance		7	10 0				
Discount						17	16 2
Petty Cash		10	0 0				
Bills Receivable		325	0 0				
Bills Payable						100	0 0
<i>Private Ledger—</i>							
Capital Account						1,000	0 0
Drawings		25	0 0				
Furniture, Fittings, etc.		101	0 0				
		<u>£2,907</u>	<u>8 8</u>			<u>£2,907</u>	<u>8 8</u>

TRADING AND PROFIT AND LOSS ACCOUNT, FOR MONTH ENDING JANUARY 31.

£				£			
	s. d.		s. d.		s. d.		s. d.
To Purchases	1,611 16 8			By Sales	1,394 12 6		
" Balance—Gross Profit c/d ..	102 15 10			" Stock—January 31st ..	320 0 0		
		<u>1,714 12 6</u>				<u>1,714 12 6</u>	
To Salaries and Wages	35 5 0			By Gross Profit b/d	102 15 10		
" Sundry Expenses	29 0 4			" Discounts	17 16 2		
" Carriage	0 10 6						
" Rent, Rates, etc.	7 10 0						
" Balance carried to Capital Account, being Net Profit	48 6 2						
		<u>£120 12 0</u>				<u>£120 12 0</u>	

BALANCE SHEET, JANUARY 31.

LIABILITIES.				ASSETS.			
	£	s. d.			£	s. d.	
Sundry Creditors			395 0 0	Sundry Debtors			375 0 0
Bills Payable			100 0 0	Bills Receivable			35 0 0
Capital, January 1st	1,000	0 0		Furniture and Fittings			101 0 0
Add Profit	48	6 2		Stock			320 0 0
	<u>£1,048</u>	<u>6 2</u>		Cash at Bank	308	12 0	
Less Drawings	25	0 0		Cash in Hand	88	14 2	
			<u>1,023 6 2</u>				<u>397 6 2</u>
			<u>£1,518 6 2</u>				<u>£1,518 6 2</u>

persons from whom they were purchased, and also of allowances, etc., made to the firm. This book gives the detail of the credit side of the purchases account in the nominal ledger, to which its total is periodically transferred. The individual entries give as full information as possible, and are posted to the debit of the personal accounts in the credit ledger. This book is kept in similar form to the day book.

The Inwards Returns Book is used for the recording of goods returned to the firm by its customers, allowances made to them, etc., and corresponds to the debit side of the sales account in the nominal ledger, to which its totals are periodically transferred, the individual entries in this book being posted to the credit side of the customers' accounts in the sales ledgers. The entries in this book also give the fullest possible information, and it is kept in similar form to the day book.

The invoice book, day book, and outwards and inwards returns books, in the case of a firm having departments, should contain analysis columns for each department, in order that departmental purchases and sales accounts may be kept.

The Bill Books (for Bills Receivable and Bills Payable), which are explained under separate headings, are kept in cases where bill transactions often take place.

The Journal is for the recording of transactions for which there is no other book of first entry, such as capital introduced, the record of the raising of capital in the case of a limited company, the distribution of profits between partners or shareholders, consignment transactions (except in a business in which the number of these transactions warrant separate consignment day books), bill transactions when only a few in number, etc.

JOURNAL.

Date	Account to be debited. To Account to be credited.	Amounts debited.	Amounts credited.

The Ledgers are the books in which the transactions relating to any particular person or matter are, as the name implies, "laid up," under the name of each particular person, or matter.

Ledgers, in the case of a business of any size, are usually divided into—

Personal Ledgers, viz., purchases, bought, or credit ledger; and sales, sold, or debit ledger.

Nominal or Impersonal Ledger.

Private Ledger.

A ledger account is ruled with two sides, the left-hand side being for debit entries, and the right-hand side being for credit entries, headed respectively *Dr.* and *Cr.*, *Dr.* being a contraction of *debitor*, which is connected with the verb *debeo*, meaning "I owe," or "I have away." Hence it will be found that all entries on the debit side of a ledger account are either something the person whose name appears as the heading of the account owes, or, considering the case from the aspect of the owner of the business, something which he "has away" with such person, or invested in the manner indicated by that heading. *Cr.* is a contraction of *creditor*, which is connected with the verb *credo*, "I trust," the person or matter whose name appears

as the heading, trusting the business to pay the amount on that side of the account.

The personal ledgers and their use are explained under the headings: Creditors' ledger, Bought ledger, and Debtors' ledger; and the private ledger and its use is explained under a separate heading, where forms of ledger accounts are given.

The nominal or impersonal ledger is a separate ledger used for the purpose of keeping all accounts necessary to guide the business in its profit-earning capacity, and from this the trading and profit and loss or revenue account is compiled. Such impersonal accounts comprise purchases, sales, rent, rates, light, power, and insurance, wages, carriage, salaries, stable expenses, repairs to machinery, general expenses, commissions received and allowed, discounts, interest, bad debts, etc.

The impersonal ledger accounts and the private ledger accounts in a small business are often kept in one ledger.

Under a perfect system the cost books also form part of the books of accounts, these being explained separately. (See *COST ACCOUNTS*.)

Of recent years the card and loose leaf systems of organising a set of books of account have received much consideration, and in many businesses have been adopted with satisfactory results, as by these systems greater accessibility is given to the staff than by the ordinary books (see *LOOSE LEAF BOOKS*, and *CARD LEDGERS*).

Books of account for purposes outside that of trading vary considerably. Thus in executorship accounts it is only necessary to keep a cash book for receipts and payments, and a ledger containing particulars of the estate, the corpus account, the income account, and the accounts of the beneficiaries, etc.; in bankruptcy or liquidation, the trustee's or liquidator's cash book is somewhat different to the ordinary cash book of a business, and, should he carry on a business, is additional thereto, thus being analysed for his receipts from various sources, and for his expenses of realisation under the various headings in which such expenses rank in priority against the estate, in the book-keeping of hotels and similar concerns, the tabular system (explained under a separate heading) has received practically universal adoption; in the accounts of municipal authorities and district councils; gas, water, and electric light undertakings; railway and tramway companies; canals, docks, and harbour boards; universities, colleges, and schools; hospitals and charitable institutions, the books of account are specially adapted to meet their particular and peculiar requirements.

BORACIC ACID.—A saline product, also known as Boric Acid, which occurs in certain lagoons in Tuscany. Its main use is in the making of borax, but it is also employed as a glaze for earthenware, as a food preservative, as an antiseptic dressing for wounds, and as a lotion for eyes, throat, etc. Boric acid may also be prepared by dissolving borax in hydrochloric or sulphuric acids.

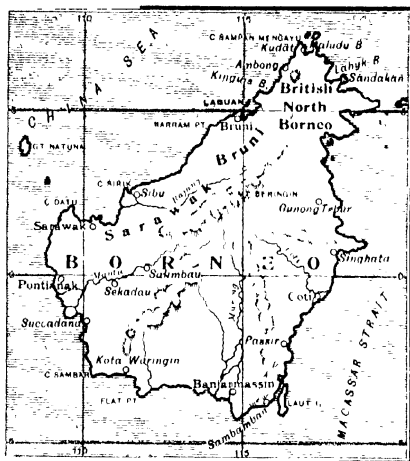
BORAX.—The most important of the borates or salts prepared from boric acid. It occurs native in California. It is used in a variety of ways, e.g., for glazing enamel and porcelain, as a mordant in calico printing, as a laundry glaze, as an ingredient of various toilet articles, as a substitute for soap, as a food preservative, for silver soldering, and in medicine.

BORNEO.—With the exception of Australia and New Guinea, this is the largest island of the world.

It is situated in the Eastern Archipelago, and has an area of 284,000 square miles, with a population of a little under 2,000,000, composed of a variety of people.

Rather more than two-thirds of the island is now included in the Dutch possessions in the East Indies, whilst the remainder is under British protection. The British territory is divided into three parts—North Borneo, Brunei, and Sarawak—all of which are under the administration of the British North Borneo Company. Labuan was transferred to the company by an agreement with the Imperial Government in 1890, but in 1907 this was rescinded, and Labuan is now a part of the Straits Settlements.

The exports from these tropical possessions and protectorates are pepper, sago, beeswax, edible birds' nests, camphor, hides, rattans, tortoiseshell, trepang, cinnabar, antimony, coal, diamonds, and gold; but recently rubber and tobacco have grown in importance. The principal imports are textile fabrics and metal goods.



The principal town in British North Borneo is Sandakan, and in Sarawak, Kuching.

The distance from Great Britain is nearly 9,000 miles. Mails are dispatched at frequent intervals, the time of transit being from twenty-five to thirty days.

BOROUGH COUNCIL.—This is the body which controls the municipal affairs of any borough, and is often known by the name of the Town Council. Established in the first instance in 1835, the powers and duties of such a body were settled more completely by the Municipal Corporation Act, 1882.

Whenever a town thinks that it has so far advanced in importance and population that it ought to possess a governing body of its own, as distinct from the county council of the county in which it is situated, a petition is presented to the Crown asking for incorporation. After the proper notices have been given, an inquiry is held, and unless the opposition is too strong, the borough receives a charter of incorporation, full provision having been made as to its division into wards, and

as to all matters which are likely to affect its government.

The council is composed of a mayor, aldermen, and councillors. The councillors are elected by ballot for three years, one-third retiring each year in rotation, but any retiring councillor is eligible for re-election. The total number of councillors depends upon the size of the borough. The aldermen number one-third of the councillors, and are elected for six years, one-half retiring every three years. The aldermen are elected by the councillors, but it is not necessary that they should be already members of the council, though in practice they generally are so. Anyone, in fact, who is eligible for election as a councillor may be elected by the councillors as an alderman. If a councillor is chosen as alderman, he vacates his seat as a councillor, and a by-election is necessary in the ward or division for which he sits. The election takes place at the meeting of the council held on November 9th. The mayor is generally elected from among the aldermen or councillors, but any person is eligible for election, although not a member of the council, if he is, in fact, qualified to serve as a councillor. The mayor holds office for one year, and is appointed on November 9th. By virtue of his office he is a magistrate of the borough, presides at all the meetings of the council, and acts as returning officer of the borough at all Parliamentary elections. Generally speaking, any person is qualified to be a councillor who is entitled to vote at a municipal election, with the exception of persons who are interested in contracts entered into with the corporation, and bankrupts. The restriction as to women was removed by an Act of 1907, and the restriction as to clergymen is likely to be removed at no distant date, though a Bill in favour of the removal of their disqualification failed to pass, through a congestion of legal matters, in 1909.

The powers and duties of the borough councils are very wide, and deal with all the matters which affect the good government and order of the borough. For the purpose of carrying into effect these powers and duties, they are empowered to make certain by-laws, and to impose penalties for their non-observance. Recently the duties of controlling education, primary and secondary (including technical), have been imposed upon them. (See EDUCATION.)

The principal officers are the town clerk and the treasurer. The former controls the whole of the legal department, whilst the latter is in charge of the finance. In addition to these, there are various inspectors appointed to superintend the working of the Acts relating to the sale of food and drugs, under the supervision of a public analyst (*q.v.*).

BOROUGH COUNCILS' MEETINGS.—The proceedings of city and borough councils are regulated by the Municipal Corporations Act, 1882. The Metropolitan boroughs were constituted by the London Government Act, 1899, which transformed the old Vestries and Boards of Works.

A council must hold at least four quarterly meetings in every year for the transaction of general (*i.e.*, statutory) business. Other business should be specified in the notice to members. The quarterly meetings are to be held at noon on each November 9th, and at such hour on such other three days before November 1st next following, as the council at the quarterly meeting in November decide or afterwards by standing order determine. The mayor may call a council meeting at any time,

is also may any five members of the council when their requisition (or the requisition of any other five members) for that purpose is ignored by the mayor. If the mayor actually refuses to call the meeting on such requisition, the five members may call it at once; if the mayor, without refusing, does not in fact call the meeting within seven days after the presentation of the requisition, then the five members may call it on the expiration of the seven days.

As regards notice of council meetings, this must be fixed on the town hall, and, further, a summons posted or delivered to members at their residences in each case three days beforehand. The notice on the town hall must be signed by the mayor or by the councillors calling the meeting, as the case may be; in the latter case, the business proposed to be transacted must be specified. Omission to send the summons to any member of the council does not affect the validity of a meeting. The summons must be signed by the town clerk.

The chairman of council meetings must be the mayor, if present. If the mayor is absent, the members of the council present may, but need not, choose the deputy-mayor. If he is absent or is not chosen, one of the aldermen present shall be chosen, and if the aldermen are all absent, then one of the members of the council shall be chosen as chairman by those present.

The quorum for council meetings is one-third of the number of the whole council; except that for making by-laws the quorum is two-thirds. The quorum must be present, but need not all vote. Subject to the quorum being present, all acts and business of the council may be done and decided by the majority of such members of the council as are present, and vote at a meeting held in pursuance of the Act. No member of the council shall vote or take part in the discussion of any matter before the council or a committee in which he has directly or indirectly, by himself or by his partner, any pecuniary interest. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote; but if he is pecuniarily interested, he cannot, of course, use either his first or his second (casting) vote. At the election of mayor and aldermen, the chairman has no first vote, but only a casting vote.

Minutes of the proceedings of every meeting must be drawn up and fairly entered in a book kept for that purpose, and must be signed in the manner authorised by the Act. The statute enacts that a minute of proceedings at a meeting of the council or of a committee signed at the same or the next ensuing meeting by the mayor, or a member of the council or of the committee describing himself as, or appearing to be, chairman of the meeting at which his minute is signed, shall be received in evidence without further proof. It is the practice to send a copy of the minutes of the last meeting to every member of the council at least three days prior to the next following meeting.

Subject to matters provided by statute, a council may from time to time make standing orders for the regulation of their proceedings and business, and may or revoke the same. Accordingly, all councils have their own standing orders, which vary very largely with the size of the borough and scope of its affairs. In addition to the regulation of the proceedings at council meetings, the standing orders provide for the constitution, appointment, and duties of the various committees of the council.

The number of these committees in the case of a large borough is considerable; there are the Finance Committee, Executive Committees (e.g., Roads, Sanitary General Purposes), Standing Committees (e.g., Lighting Tramways, Housing), and Statutory Committees (e.g., Education, Libraries, Hospital). Membership of the various committees is divided amongst the members of the council, so that the duties are evenly distributed, though it has recently been decided (*Rex v. Mayor of Sunderland*, 1911, 2 K.B. 458) that a borough councillor cannot be compelled to serve on a particular committee. The mayor is an *ex officio* member of practically all the committees. The standing orders determine the quorum of the several committees. The use of the corporate seal is also regulated by the standing orders. It can only be affixed to a document pursuant to a resolution duly carried at a council meeting, and must be attested by two members of the council and the town clerk; a seal register being kept by the latter recording the particulars of every document sealed, including the names of the attestors.

As regards the procedure at council meetings, the standing orders of different borough councils vary in the extent to which they expressly deal with it; in other words, the standing orders are not necessarily a complete code, though they may sometimes, in fact, be that. Much of the procedure in debate, for instance, is so well and generally understood, that it hardly needs to be stated by every local authority in its rules, though the standing orders will prevail on any particular point they do deal with; and in certain details the practice of one council may vary from that of another or from the general custom. To quote an instance of this, the standing orders of some councils stipulate that, instead of the usual "previous question" motion, the motion "that the council proceed to the next business" shall be used. Outside questions of procedure, standing orders make provision as to the admission of the public, deputations, memorials, motions which may be made without notice, time limit for speeches or particular business, etc. The following is a specimen of the usual order of business at meetings after the minutes have been signed—

1. Receptions of deputations.
2. Reports from committees and consequent resolutions
3. Business appointed for the particular meeting by resolution of a previous meeting
4. Motions and questions of which notice has been given, in the order on the agenda paper.
5. Business brought forward by the chairman or by the town clerk under his direction.
6. Notices of motion.

(See COMMITTEES, CONDUCT OF MEETINGS.)

BOROUGH ENGLISH.—This is a curious kind of tenure of land, differing from primogeniture (*q.v.*) and gavelkind (*q.v.*), in that it is the youngest son who succeeds in cases of intestacy to the real estate of his deceased ancestor. Though prevalent from the earliest times, the origin of this peculiar tenure is quite unknown. It exists in a few parishes in the north of London, and also in certain isolated parts of the country, particularly in Nottinghamshire.

BORROWED NOTE.—This is the name which is sometimes given to the agreement which is signed by a borrower when bearer bonds or registered securities are given by him as cover for a loan. In the case of a loan by a bank, the agreement gives the banker authority to sell the securities in the

event of the loan not being repaid at the stipulated time, or if the stipulated margin on the securities is not maintained.

BORROWING POWERS OF COMPANY.—(See DEBENTURES.)

BORROWING POWERS OF LOCAL AUTHORITIES.—The power of borrowing money for purposes authorised by various Acts of Parliament has been largely exercised by local authorities, there being at the present time very few administrative bodies in whose accounts the word "loans" does not appear. If it were not for the facilities thus afforded, the carrying out of the many schemes, which, according to modern ideas, are indispensable to the well-being of a community, would be rendered extremely difficult, if not impossible.

The practice of raising money for local requirements has increased enormously during the last fifty or sixty years, the growth in fact being coincident with the activity in local administration resulting from the passing of the Public Health Acts, the Municipal Corporations Acts, and the Local Government Acts, which statutes contain the principal provisions as to the raising of loans for specific purposes, and for the issuing of stock. Loans for objects outside the scope of these Acts almost invariably require sanction direct from Parliament by means of a special Act.

Some idea of the growth of local indebtedness is obtained from the figures given in the "Annual Local Taxation Returns," which show how the total outstanding loans of local authorities in England and Wales have been increased. It would be superfluous to quote the figures for any year or series of years.

A by no means small portion of the money borrowed by local bodies is for remunerative undertakings, that is to say, the money is invested in revenue-producing concerns, the debt in reality being equivalent to the capital of a commercial enterprise, with this distinction, that in the latter case the capital usually remains as a permanent liability, whereas the amount raised by a local authority has to be repaid within a specified period. Thus the ratepayers are eventually placed in possession of valuable undertakings, the profits from which afford considerable relief to the rates. Among such undertakings may be mentioned tramways, electricity works, gas works, water supply, dwellings, etc. See the returns issued by the London County Council.

There are, of course, many instances in which money is borrowed for services merely self-supporting, or for objects the receipts from which will not suffice for their upkeep, such as baths and wash-houses, public conveniences, libraries, etc. Nevertheless such services are required by the modern standard of living, and the advantages accruing to the ratepayer therefrom more than compensate him for the extra charge upon the local exchequer. Then, again, money raised by loan is frequently applied to the paving of roads and the construction of sewers, works of an entirely unproductive nature, but none the less essential to our comfort and health.

Although possessing authority under various statutes to raise money for certain purposes, local bodies are not permitted to add to their indebtedness without restriction, the sanction of the Local Government Board, or some other controlling body, having first to be obtained. The extent of the control exercised by the Local Government

Board is best shown by the following extract from one of the recent annual reports of that body, viz.—

"In a number of cases we have thought it proper for various reasons to withhold our sanction either, as regards the entire application or with respect to some portion thereof. During the year we found it necessary to refuse sanction to the whole or part of a loan in 503 instances, involving in the aggregate a sum of £308,006.

"We have, as in previous years, required the borrowing authorities to supply us with detailed particulars as to the manner in which it has been proposed to expend the loans which we have been asked to sanction, and we have satisfied ourselves that the works for the execution of which our sanction has been given were reasonably required. We have also required to be satisfied that due regard has been paid to economy, and that the cost of the works had been carefully estimated. With a view of obtaining full information on these points, and of affording all persons interested an opportunity of being heard on the subject, we have, in relation to a large number of the applications for permission to borrow money, caused local inquiries to be held by our inspectors after public notice in the districts. Before granting our sanction we have also required the authorities to inform us of the arrangements made by them for the due discharge of their debt, if any."

The principal provisions governing the borrowing of money by local authorities are as follows—

Public Health Act, 1875. Any local authority possessing powers under this Act may, with the sanction of the Local Government Board, borrow or re-borrow and take up at interest money necessary for defraying any costs, charges, and expenses incurred or to be incurred by them in the execution of the Sanitary Acts or of this Act. An urban authority may borrow or re-borrow any such sums on the credit of the fund or rates out of which they are authorised to defray expenses incurred by them in the execution of the Act, and as security they may mortgage such fund or rates. Rural authorities may borrow or re-borrow on the credit of the general expenses rate or a special expenses rate, according to the purpose to which the money is to be applied.

The following regulations are laid down as to the exercise of borrowing powers: (1) Money shall not be borrowed except for permanent works; (2) the sum borrowed, together with balances of all outstanding loans, shall not exceed the assessable value of the district for two years; (3) if the sum proposed to be borrowed, together with balances of outstanding loans, would exceed the assessable value of the property in the district for one year, the Local Government Board shall not give their sanction until one of their inspectors has held a public inquiry; (4) the money shall be borrowed for such time, not exceeding sixty years, as the authority with the sanction of the Local Government Board shall determine, and shall be paid off either by annual instalments of principal, annuity, or by means of a sinking fund.

A local authority may borrow on the credit of sewage lands, works, or other property, in which case the restriction as to the assessable value of the district does not apply.

The power of borrowing is also extended by this Act to joint boards, the security being any fund or rate applicable by them to the purposes of the Act, or of sewage land and plant.

Municipal Corporations Act, 1882. Municipal corporations are empowered to purchase land and build thereon a town hall, council house, justices' room, with or without a police station and cells, or lock-up, or a quarter and petty sessions house, or an assize court-house. For these purposes the council may, with the sanction of the Local Government Board, borrow at interest on the security of corporate land, or of the borough fund or rate, such sums as they may from time to time require; they may also, with similar sanction, dispose of any land either by absolute sale or by way of exchange, mortgage, or otherwise. Money borrowed is to be repaid in thirty years or a less period, either by instalments or by means of a sinking fund. It is necessary for the council to give public notice of their intention to apply for approval to a loan, and to cause a copy of the intended application to be placed in the town clerk's office for public inspection.

Local Government Act, 1888. A county council is authorised to borrow, with the consent of the Local Government Board, on security of the county fund or rate, and of any revenues of the council, such sums as may be required for the following purposes: (1) Consolidating the debt of the county; (2) purchasing any land, or building any buildings, which the council are authorised by any Act to purchase or build; (3) permanent works which the council are authorised to execute or do; (4) making advances to any persons or bodies of persons in aid of the emigration and colonisation of inhabitants of the county, under guarantee for repayment of such advances; (5) any purpose for which quarter sessions or the county council are authorised by any Act to borrow.

Should the total debt of the county exceed one-tenth of the annual rateable value of the rateable property in the county, the confirmation of Parliament must be obtained before a loan can be raised.

Local Government Act, 1894. A parish council is enabled by this Act to borrow, with the sanction of the Local Government Board, money for purchasing any land, or building any buildings, which the council are authorised to purchase or build, and for any purposes for which the council are authorised to borrow under any of the adoptive Acts. The money is to be borrowed on the security of the poor rate and of the whole or part of the revenues of the parish council. The total debt may not exceed one-half of the assessable value of the district.

Public Health (London) Act, 1891. Under this Act, any London sanitary authority, with the consent of the Local Government Board, may borrow for the following purposes—

(a) Sanitary conveniences, lavatories, and ash-pits; and

(b) Premises, apparatus, carriages, and vessels for the disinfection, destruction, and removal of infected articles; and

(c) A building for post-mortem examinations and accommodation for the holding of inquests.

Poor Law Acts, 1889 and 1897. The guardians of any union are by these Acts authorised, with the consent of the Local Government Board, to borrow for permanent works. The total debt of the guardians under the Poor Law Acts may not, however, exceed one-fourth of the total annual value of the union, unless the Local Government Board make a Provisional Order extending this maximum. The

managers of any school district and the managers of any asylums district (except the Metropolitan Asylums Board) are empowered to borrow for similar purposes, but their total debt must not exceed one-sixteenth of the annual rateable value of the district.

In addition to the foregoing, there are various other Acts of Parliament authorising the borrowing of money for various purposes, viz., the Housing of the Working Classes Acts, the Burial Acts, the Education Acts, the Electric Lighting Act, the Small Holdings Acts, etc.; it is, however, unnecessary to refer to these in detail, the loans being usually subject to the provisions either of the Public Health Acts or of the Local Government Acts, which have already been quoted.

The borrowing powers of the London borough councils are somewhat different from those of extra-metropolitan authorities, the consent of the London County Council being required in many instances. The Local Government Board, however, sanction loans for the provision of cemeteries, baths and washhouses and public libraries, in addition to the above-mentioned objects under the Public Health (London) Act, 1891.

The Public Works Loan Commissioners, who were constituted under the Public Works Loans Act, 1875, have power to advance loans to local authorities for the purposes of the Public Health and various other Acts. Previous to the passing of the Public Works Loans Act, 1898, the recommendation of the Local Government Board was required, but this is no longer necessary, unless the period within which the loan is proposed to be repaid exceeds thirty years.

A county council may also lend money to a parish council, and the London County Council to the metropolitan borough councils.

Power to raise loans by the issue of stock was granted to county councils by the Local Government Act, 1888, and to urban authorities by the Public Health Acts Amendment Act, 1890, subject to the consent of the Local Government Board, and to the observance of the regulations made by that body in regard to the creation, issue, transfer, and redemption of, and other dealings with, stock.

The raising of money by the London County Council, either by the issue of stock or otherwise, is not subject to the consent of the Local Government Board, sanction being obtained from Parliament or the Treasury.

BORT.—Diamond-dust. The name is also given to a lustreless variety of diamonds found in Brazil, and sometimes known as anthracite diamonds. They are used in stone-cutting and also for diamond rock-boring drills.

BOTTOM.—A name often used in commercial language to signify a ship, as when goods are spoken of as being imported in British bottoms or in foreign bottoms.

BOTTOMRY AND RESPONDENTIA.—Hypothecation is a contract of pledge whereby, in consideration of money advanced for the necessities of the ship, the vessel, freight, or cargo, or two, or all of them, are made liable for its repayment, provided the ship arrives in safety. The contract is usually effected by an instrument in writing, called a bottomry bond, by which the master binds himself in a penalty to repay the sum borrowed, and also professes to assign the ship and freight, or cargo, as the case may be, with a condition that the bond

shall be void if the money secured be repaid within a certain time after the safe arrival of the ship at her port of destination. This instrument is generally executed under seal, or it may be merely in the form of a written agreement, signed by the master or owner. When the cargo alone is hypothecated, the instrument is properly called a respondentia bond; but that term is not always used, the expression "bottomry bond" being sometimes employed, whether the vessel or the cargo is the security. This species of contract was unknown to the common law of this country, since by it no pledge of a chattel was valid, unless the article pledged was actually transferred to the possession of the pawnee. The right to hypothecate was, however, recognised by the civil law, and has been long adopted by the maritime law of England as administered formerly in the Court of Admiralty, and now by the Admiralty Division of the High Court of Justice. It is not necessary, if the essential requirements of the contract of bottomry are complied with, that the instrument of bottomry, whether it is in the form of a bond or not, should be drawn up in any particular form of words, and in practice the provisions in instruments of bottomry will be found to vary according to the circumstances of each case or the country in which they are executed. The money for repairs and other expenses necessary to enable the ship to complete the voyage can frequently only be procured by giving the property which is under the master's control as security. Where the master is without credit, and the repairs cannot prudently be postponed until he has been put in funds by the shipowner, or by others interested, he is empowered to hypothecate the property in order to obtain the necessary funds. The hypothecation for repairs ought, in the first instance, to be of the ship and her freight. But if these are an insufficient security the master or person in command of the adventure may, in cases of necessity, and when the interests of the cargo owner require it, hypothecate the cargo also; or even sell a portion of it for the same purpose. An hypothecation will not, however, be valid unless it is made prudently, having regard to the interests of the cargo owner.

A bottomry bond is a contract by which a charge is given upon the property in the event of its arrival at its destination. The grantee of the bond takes the risk of the voyage, and in consideration of that a premium or high rate of interest is usually included in the amount. The bond does not pass the property in the ship or cargo to the grantee, but gives him a maritime lien upon them, which may be enforced by process of the Admiralty Court. This contingent character of the contract is essential to its validity as a bottomry transaction. Even with regard to the ship, the master's power of hypothecating only extends to giving a lien upon her, to be enforced by Admiralty process; he cannot mortgage or pledge her, so as to pass the right of property or of possession, and in order to confer a maritime lien enforceable by process, the hypothecation must be conditional upon arrival, whether maritime interest is secured or not.

The master has power, in cases of necessity, and in such cases only, to hypothecate the ship, freight, or even the cargo. Necessity is the very foundation of this right. If the master, when in a foreign country, is in want of money to repair or to victual the vessel, or for other necessities, he is bound, in the first instance, to endeavour to obtain it from

the owner's agent, or to raise it on the credit of his owners; and if he can by any possibility so obtain or raise the money, he must do so; but if he cannot otherwise obtain or raise the money, he may, after communicating, where communication is practicable, with the shipowner, if it is intended to raise money on bottomry of the ship and freight, and with both the shipowners and the cargo owners if the hypothecation is intended to be on ship, freight, and cargo, raise it on bottomry. The master is not in all cases absolutely bound, before hypothecating the cargo, to communicate with the owners of it, although where this is practicable he should do so. Where communication is practicable, it is essential to the validity of the bond that the shipowner and, if the cargo is bottomried, *a fortiori* the cargo owner, should be informed, before the money is borrowed, not merely of the ship's distress, but also of the master's intention, and the necessity of raising money on bottomry. It is not essential to the validity of a bottomry bond that it should be given in order to enable the ship to conclude a voyage for which she has been chartered; a bond may be granted upon a British ship in a foreign port for the expenses of repairs and the outfit for a new voyage. The necessity for the money must arise in the course of the master's acting within the scope of his authority; if it is caused by his acting or carrying out schemes contrary to the orders of his owners, he has no power to hypothecate. As a bottomry bond is altogether void if executed under circumstances not warranting the hypothecation, the lender must, at his peril, ascertain that a necessity for the loan exists, that is, that without an advance of money the ship cannot proceed, that such advances cannot be obtained on personal credit, and that where communication is practicable such a communication as is required by law has been made to the shipowners and, if the bond is on the cargo, to the owners of the cargo. But he is not bound to inquire into the expediency of the intended repairs, unless they are so flagrantly inexpedient as to raise a presumption of fraud; nor is he bound to see to the proper application of the money when borrowed. If the owner resists payment of the bond on the ground of the fraud of the lender, or because the master had, within his reach, either the funds or a sufficient personal credit of the owner, the onus is upon him to prove this, and there is even a presumption in favour of the lender, that he did make the proper inquiries and was reasonably satisfied of the necessity. If the master orders the supplies and they are rendered, and the repairs made, and the bottomry bond given afterwards, this bond is good if it was originally intended to furnish the supplies on the credit of the ship, and to secure this by a bottomry bond, but if the original purpose and understanding were to furnish them on the personal credit of the master, or of the owner, either or both without reference to the ship, it would seem to be settled that the bargain cannot be changed and a bottomry bond given for this existing debt with extra interest.

The charge, or maritime lien, conferred by a bottomry bond is enforced by proceedings *in rem* in the Admiralty Court against the property charged. If necessary that will be sold, and the proceeds distributed amongst the various persons entitled to charges upon it. It is an essential part of the contract of hypothecation by the master that the repayment of the money should be dependent upon the ship's arrival at her destination. Upon a bottomry

bond the lender may stipulate to receive any rate of interest he chooses. The contract was never liable to any objection on the ground of usury, for the principal is at hazard during the voyage. In case a highly extortionate or wholly unjustifiable rate of interest is stipulated for, Courts of Admiralty will enforce the bond for only the amount fairly due, and will not allow the lender to recover an unconscionable rate of interest; but in reducing an exorbitant rate of interest they will proceed with great caution. The borrower on bottomry is affected by the doctrines of seaworthiness and deviation; and if, before or after the risk on the bottomry bond has commenced, the voyage or adventure is voluntarily broken up by the borrower, in any manner whatsoever, whether by a voluntary abandonment of the voyage or adventure, or by a deviation or otherwise, the maritime risks terminate, and the bond becomes payable. But maritime interest is not recoverable if the risk has not commenced. The risks assumed by the lender are usually such as are enumerated in the ordinary policies of marine insurance. If the ship is wholly lost in consequence of these risks, the lender loses his money; but the doctrine of constructive total loss does not apply to bottomry contracts.

The holder of a bottomry bond is not entitled to priority over persons having claims against the ship in respect of wages earned on the voyage on which the bond was given, or on a subsequent voyage, or of subsequent salvage, damage, pilotage, or towage. The lien or privilege of a bottomry bond-holder, like all other maritime liens, has, ordinarily, preference over all prior and subsequent common law and statutory liens. It holds good (if reasonable diligence is exercised in enforcing it) as against subsequent purchasers and common law incumbrancers; but the lien of a bottomry bond-holder is not indelible, and, like other Admiralty liens, may be lost by unreasonable delay in asserting it, if the rights of purchasers or incumbrancers have intervened. Where there are several bond-holders they are *inter se*, in the absence of special circumstances, entitled to priority in an inverse order, the last being paid first, as the amount secured by the last bond saves the ship, and renders the earlier securities available.

Independently of the Judicature Acts, bottomry bonds have always been assignable in equity and by Admiralty law.

Bottomry bonds have, of late years, gone very much out of use. They were invented for the purpose of securing the necessary supplies for ships which may happen to be in distress in foreign ports, where the master and the owners are without credit, and where, unless assistance could be secured by means of such an instrument, the vessels and their cargoes must be left to perish. The decline is without doubt chiefly due to improved means of communication, by which all parts of the world have been brought within easy reach of each other; but the effect of this commercial change was accelerated by the decision of the Privy Council in the case of *The Oriental*, 1851, 7 Moore, P.C.C. 398, when it was held that where an agent of the shipowner had taken a bottomry bond on the ship, it was not sufficient justification for him to inform the owner of disaster to the ship and necessity for repairs, but that he was bound to make express communication as to the necessity of resorting to bottomry to raise money, and that where there is telegraphic communication it must be used. There is much

truth in the doctrine "the electric telegraph has almost killed bottomry bonds."

BOTTOMRY BOND.—(See BOTTOMRY AND RESPONDENTIA.)

BOUGHT AND SOLD NOTES.—(See CONTRACT NOTES.)

BOUGHT LEDGER.—A sectionalised part of the ledger accounts of a firm used for the recording of all transactions relating solely to the purchase of goods and the payment for same. It is sometimes termed a purchase ledger or a credit or creditors ledger. It is separated from ledgers containing other accounts in order to facilitate the work of the counting-house, and in large concerns is further sub-divided into a number of ledgers, *e.g.*, bought ledger, A to D, implying that this ledger only contains the personal accounts of creditors whose names are under these initials, and so on.

ACCOUNT IN BOUGHT LEDGER.

Dr.		JOHN JONES & Co.			Cr.				
		£	s.	d.			£	s.	d.
19.					19.				
Feb. 1	To Cash ..	142	10	0	Jan. 10	By Goods ..	150	0	0
	" Discount	7	10	0					
" 2	" Returns	16	0	0	" 30	" "	84	0	0

BOUNTIES.—In a purely commercial sense, this term signifies payments in the shape of premiums by different Governments to producers and exporters of certain goods with a view of encouraging and developing the industries connected with those goods so as to enable them to compete on the most favourable terms with their foreign competitors. It is necessary to distinguish most carefully bounties from drawback (*q.v.*).

BOURSE.—The word "Bourse" is the French equivalent of our term "Stock Exchange," and a similar word denotes this institution in most languages, *e.g.* German, *Börse*; Dutch, *Beurs*; Spanish, *Bolsa*; Italian, *Borsa*. While these institutions play the same part in the economic life of the country as do our own Stock Exchanges, their constitutions differ in the various countries. Generally speaking, on the Continent and in over-sea countries modelling themselves on Continental lines, the Bourse is either a semi-Government institution, or is to a certain extent under Government control. Often it is managed by the local Chamber of Commerce, itself a semi-State institution. Broadly speaking, business is conducted on much the same lines as on our own Stock Exchange, except that the institution of the jobber is hardly known, broker dealing direct with broker or with the large banks, which abroad play a much more important rôle in connection with the Stock Exchange and in the shape of a direct participation in industry, than is the case in the United Kingdom.

One important difference in practice between many of the foreign Stock Exchanges and those of the United Kingdom is in the matter of interest on bonds and debentures. In the United Kingdom the quotation always includes interest up to date, that is to say, a purchaser of, say, Imperial Tobacco Company First Mortgage 4½ per cent. Debentures in November, at 104, would be entitled to the full half-year's interest, payable on January 1st following. Were he to buy such a security in Berlin, however, he would have to pay, in addition to the current price (which in ordinary circumstances

would be correspondingly less), interest from the date of the last payment up to the date on which he took delivery of the debentures. In the case of the London-quoted security, apart from all other fluctuations, the price would gradually rise until it was full of dividend or "fat with dividend," as the term goes, and after the dividend had been paid the stock would suddenly fall $2\frac{1}{2}$ in price, being then quoted ex-dividend. On the Continent, generally speaking, bonds and debentures are quoted ex-dividend all the year round, the purchaser having to refund to the seller the amount of accrued interest since the last date of payment. It is getting to be generally recognised that this system is preferable, for the quotation then always represents the price of the security, whereas the English practice gives the securities the appearance of fluctuating in price when such is not really the case. In Paris, quotations include interest (to use the American term, the prices are "flat") in just the same way as they do in London, but the foreign practice of quoting bonds and debentures "and interest" is in vogue on the German, Austrian, Dutch, Belgian, and Swiss (with the exception of Geneva, which is the same as London and Paris) Bourses, and has of late years spread to the United States and to Canada. It may also be stated here that in calculating interest it is the general practice on the Continent and in America to count each calendar month as thirty days, so that the year is taken as 360 days. Consequently, in calculating interest from January 15th to April 22nd, it would be taken as three months of thirty days and seven days.

We will glance quickly at the distinctive features of the principal Bourses and Stock Exchanges of the world, mentioning merely that, while every country has its Bourse or Bourses, only the few mentioned are of international importance. Buenos Ayres, for example, has its *Bolsa*, the transactions on which are of some importance, as is natural in the case of a town with a population of a million and a half, and including some very wealthy people, but the securities dealt therein are entirely local in character. The same applies to such Stock Exchanges as those of Sydney, Melbourne, Toronto, Montreal, etc., although in the case of Montreal there are the beginnings of a non-local trade, in that the securities of several Latin-American electric light and power companies are quoted there, owing to the fact that a Canadian financial group has been prominent in creating such undertakings in Brazil, Mexico, etc.

Paris. The business done in this Bourse, which is second only—if, indeed, that—to London in international importance, is of the most extensive and varied nature, ranging from Government loans, particularly Russian, Turkish, and South American, down to South African gold mining companies. As regards the number and variety of foreign companies and undertakings whose securities are dealt in, the Paris Bourse is far and away, the most cosmopolitan Stock Exchange of the world.

New York. Although one or two foreign Government loans are listed on the New York Stock Exchange, business in them is non-existent, and New York is not in the least degree an international market. On the other hand, there are so many American securities and speculation is so much part of the ordinary life of the American public, that business transactions on the American Stock Exchanges, and particularly New York, are

enormous, both numerically and in the quantities of stocks dealt in. New York is an international market in the sense that, American securities being dealt in so largely on European Bourses, e.g., London, Amsterdam, Berlin, Frankfurt, Geneva, the prices in New York immediately react upon all these Bourses.

Berlin. The business done on this Bourse is very large. In addition to home Government and municipal loans, an enormous business is done in the shares of German coal, iron, and potash mines, and in debentures and shares of industrial undertakings generally, the formation of which into limited companies is much encouraged by the German Banks. The Berlin Bourse is, however, of international importance, on account of the large number of Russian and Austrian securities that are dealt in there, as well as the securities of American and Canadian railroads. The shares of the Canadian Pacific Railway form one of the principal gambling counters on the Berlin Bourse.

Frankfurt. This Bourse is almost as important as the Berlin Bourse, and is, if anything, more of international character, it having been the first German Stock Exchange—and, if we mistake not, the first European Stock Exchange—to list American securities, which are there a most important market.

Hamburg. Some 700 odd securities are quoted on the Hamburg Bourse, which makes a speciality of shipping, colonial, and plantation companies. Its claim to international importance is on account of the fact that it is the principal market in the loans of the States and municipalities of Northern Europe, e.g., Denmark, Norway, Sweden, and Finland, as well as making a speciality of the bonds of numerous mortgage banks in the countries named.

Amsterdam. Holland possessing a very rich investing class, the Amsterdam Bourse is a much more important institution than the population of the country alone would warrant. Naturally enough, it specialises in the securities of plantation and petroleum companies operating in the rich Dutch colonies; but it is also a most important market in American securities, as well as various foreign loans, particularly those of Russia.

Brussels. This Bourse is also of considerable importance—far more than the relatively small population of the country would lead one to believe. The securities dealt in are quite cosmopolitan in character without any pronounced feature, unless it be the loans of South American States. Very many of the securities dealt in on the Paris Bourse are also quoted in Brussels.

Antwerp. This Bourse is also of considerable importance, Government and municipal loans, as well as bank and industrial securities of Central and South American States, being a feature. The various Congo securities naturally find a market here, as do the shares of a number of rubber and other plantation companies.

Vienna. This Bourse, which was once one of quite international importance, has become more local in character, only a few foreign loans being dealt in there. Austrian capital finds fruitful employment in Hungary, and a large number of debentures and shares of banks and undertakings of that country are dealt in on the Vienna Bourse.

Zürich. This is the most important Swiss Bourse, and a fair sprinkling of foreign loans and securities are quoted there.

Geneva. This Bourse, although perhaps less important than Zürich, is more international in character than that Bourse. The bonds and shares of a good number of foreign railway companies—a fair proportion of them American—are dealt in there, and a certain number of Mexican and South African securities, with a general sprinkling of other foreign securities, also have a market in Geneva.

(N.B.—The above article, subject to necessary modifications, has remained substantially the same as in the previous edition of this work. It is too early, at present, to estimate the changes which will take place after the return of peaceful conditions.)

BOXWOOD.—The box tree is a native of the Mediterranean coasts, but is now cultivated in many parts of Europe and Asia. The wood is smooth, fine grained, hard, strong, and of a yellowish colour. It is of great value to the wood engraver and turner, and is also used for the manufacture of flutes, clarionets, and mathematical instruments.

BOYCOTTING.—A refusal to have commercial dealings with a person, though the term has become somewhat extended, and is often used as the equivalent of ostracism. Thus, if a person is cut off from all intercourse, social or commercial, with his fellow-men, he is said to be boycotted. The name is derived from Captain Boycott, a landlord's agent in Ireland, who was the first victim of the system. He had had serious differences with the tenants in the Connemara district, and the whole of the inhabitants refused to have any dealings with him. The system itself was really first adopted by the Irish Land League, as a means of preventing Irishmen from taking or working farms from which a tenant had been evicted for non-payment of rent. Any person who took such a farm was unable to procure supplies of any kind, and no man would work for him on any account whatever.

BRAN.—The husk of wheat obtained after the grain has been sifted. It has the appearance of thin, scaly particles of a yellowish-brown colour. Owing to its power of quickly converting starch into sugar, it is used in making digestible brown bread, but it is most commonly employed for feeding cows, pigs, and horses. It is also used in medicine for the external application of heat, and in calico printing for removing colouring matter from those parts of the cloth where it has not been fixed by a mordant.

BRANCH ACCOUNTS.—The accounts of branch concerns may be kept in two different ways—

(1) By keeping all the financial books at the head office and writing same up from advices, etc., sent in by the branch. Where this method is adopted, the branch will keep only such books as petty cash book, sales day book (arranged so as to allow for the making of carbon copies), wages book, and other necessary subsidiary books. It is to be implied that under this system the head office will either buy for the branch or will pay the liabilities incurred by the branch, also that the head office will remit cheques weekly to cover the various current expenses of the branch. The total receipts at the branch will be banked daily to the credit of the head office.

In the books of the head office separate accounts, and possibly separate ledgers, will be kept for the transactions of the branch, so that the profit or

loss arising from the trading thereof may be ascertained. It will be necessary to keep a copy of the branch day book so as to have the system complete, but this need not mean the writing out of each sale, as the advices from the branch (carbon copies from the day book) may be placed in a binder and the posting done therefrom, or the amount of each sale can be entered in a day book without showing details. This method, therefore, places the branch accounts on a similar footing to those of a department of the head office, and the fact that the branch carries on its operations at a distance does not affect the matter. (See DEPARTMENTAL ACCOUNTS.) Usually a separate purchase book and cash book will be found necessary, and also separate returns and allowances books—the one for inward, the other for outward returns. It will be noticed that this method is best adapted to the needs of a branch carrying on an extensive business, but without a highly organised clerical staff.

(2) By treating the branch as an entirely separate concern, except, of course, as regards transactions between the branch and the head office. The branch will keep a complete set of double entry books. Accounts will be opened in the branch books under the following headings—

(a) Head office account, the entries in which will record the indebtedness of the branch to the head office. This account should only be amended when the books are balanced at the end of each period, in the manner in which the capital account of a private trader is treated. The balance on this account, in fact, represents the capital of the branch, which is, of course, due to the head office,

(b) Head office remittance account, for the record of cash transactions between head office and branch; and

(c) Head office goods account, showing the transactions in goods between head office and branch.

The two latter accounts are kept for the purpose of a proper classification of the dealings between the head office and the branch, making for clearness and freeing the head office account of much detail.

In other respects the accounts of the branch under this system will proceed as in an ordinary double entry set of books. At the end of each period of trading the stock at the branch will be taken, the profit and loss account made up, and the various nominal accounts closed in the usual way. The balances on head office remittance account and head office goods account will be transferred to head office account, and the balance of profit and loss account will be transferred to head office account also. The balance on head office account will then be brought down, and will represent the indebtedness of the branch to the head office, and, therefore, also the excess of assets over liabilities at the branch. The branch is regarded as being indebted to the head office for all money or goods sent therefrom, and all profit made at the branch has to be accounted for to the head office.

Turning to the head office books, it will be necessary to keep four accounts for the purpose of recording the transactions with the branch. These are branch account, branch remittance account,

branch goods account, and branch profit and loss account. The branch account should not be amended except at the date of balancing the books, and should under ordinary circumstances show a debit balance representing the indebtedness of the branch to the head office. The branch remittance account and branch goods account record cash and goods transactions respectively, and the branch profit and loss account can only be written up at the end of each period of trading, when details are sent by the branch. Let it be particularly noted that the three first-mentioned accounts must always show the same balance as the corresponding account in the branch books, but, of course, transposed. Thus, branch account in the head office books must show a DEBIT balance exactly equalling the amount standing in the branch books to CREDIT of head office, and similarly with the remittance and goods accounts. This is the principle on which the results of the trading operations of the branch are brought into the head office books, and is subject only to one modification, that of items in transit at the date when the books are being closed. These arise in the following manner. A consignment of goods or a remittance of cash may have been dispatched from the head office

to the branch, or *vice versa*, before the date of balancing the books, and may not have reached its destination until after that date. The item will, therefore, have been debited to the particular account affected in the books of the consignor, but will not have been credited to the corresponding account in the books of the consignee. In the example, goods dispatched by the head office to the branch on June 30th have been transferred from the debit of branch goods account to the debit of an account for "Goods in transit," which latter will be brought into the balance sheet as an asset under that name, and on July 1st, after the balance sheet has been prepared, will be re-transferred to the debit of branch goods account.

At the end of each period of trading the branch will forward to the head office a complete trial balance of its books, together with the profit and loss account for the period and balance sheet as at the conclusion of same. At the head office attention will first be directed to the correct adjustment of items in transit, which should then leave the balances on branch account, branch goods account, and branch remittance account exactly similar to the corresponding transposed balances on

Specimen Accounts in the Branch Ledgers

Dr.		HEAD OFFICE GOODS ACCOUNT				Cr.			
		£	s	d	19	For	£	s	d
					Jan 15	By Goods	168	126	5 2
					Feb 10	" "	175	138	6 3
					Mar 12	" "	183	150	8 0
					April 17	" "	190	166	4 5
					May 16	" "	199	89	10 0
					June 21	" "	206	185	2 6
19									
June 30	To Transfer to H O A/c	£855	16	4			£855	16	4

Dr.		HEAD OFFICE REMITTANCE ACCOUNT				Cr.			
		£	s	d	19	£	s	d	19
Feb. 18	To Cash	85	100	0 0					
Mar 21	" "	90	150	0 0					
April 20	" "	94	200	0 0					
June 26	" "	102	320	0 0					
		£770	0	0	19				
					June 30	By Transfer to H O A/c	£770	0	0

Dr.		HEAD OFFICE ACCOUNT.				Cr.			
		£	s	d	19	£	s	d	19
June 30	To Transfer from H O				Jan 1	By Balance owing	2,460	8	2
	Remittance A/c	770	0	0	June 30	" Transfer from H.O			
" "	" Balance c/d	3,012	10	2		Goods A/c	855	16	4
						" Net Profit (from			
						Profit & Loss A/c)	466	5	8
							£ 3,782	10	2
		£ 3,782	10	2	19				
					July 1	By Balance b/d	3,012	10	2

Specimen Accounts in Head Office Ledgers.

Dr.		BRANCH GOODS ACCOUNT.						Cr.		
19..		Day Book	£	s.	d.	19..		£	s.	d.
Jan. 15	To Goods	76	126	5	2	June 30	By Journal (goods in trans- sit at this date) .. J/61	78	16	0
Feb. 10	" " " " " " "	115	138	6	3	" "	" Transfer to Branch Account	855	16	4
Mar. 12	" " " " " " "	161	150	8	0					
April 17	" " " " " " "	205	166	4	5					
May 16	" " " " " " "	252	89	10	0					
June 21	" " " " " " "	304	185	2	6					
" 30	" " " " " " "	319	78	16	0					
			£934	12	4			£934	12	4

Dr.		GOODS IN TRANSIT ACCOUNT.				Cr.	
19..			£	s.	d.	19..	£ s. d.
June 30	To Journal (goods in transit)	J/61	78	16	0		

Trial Balance of Branch Ledgers, at June 30th.
19.., forwarded to Head Office.

Dr.		Cr.	
£	s. d.	£	s. d.
Head Office Account ..		2,460	8 2
" " Goods A/c		855	16 4
" " Remittance Account	770 0 0		
Stock of Goods on hand at Jan. 1st, 19..	1,422 10 0		
Plant and Machinery ..	765 14 0		
Furniture and Fittings..	199 10 0		
Sundry Debtors	885 0 0		
" Creditors		542	2 8
Bank Overdraft		570	11 3
Purchases	1,322 11 0		
Sales		2,116	5 0
Discounts earned		25	0 0
" allowed	50 2 3		
Salaries and Wages ..	620 0 0		
Rent and Rates	156 0 0		
Sundry Expenses	322 5 2		
Depreciation written off, viz.—			
Plant and Machinery @ 10% per annum	40 6 0		
Furniture and Fittings @ 10% per annum	10 10 0		
Expenses paid in advance	22 5 0		
Expenses accrued ..		16	10 0
	£6,586 13 5	£6,586	13 5

Stock of goods on hand at June 30th, 19.., valued at £2,269 5s. 1d.

Dr.		BRANCH REMITTANCE ACCOUNT.										Cr.																
		£			s.			d.			19..			Cash			£			s.			d.					
											Feb 20			By Cash			163			100			0					
											Mar. 23			.. .. .			184			150			0				
											April 22			.. .. .			202			200			0				
											June 28			.. .. .			248			320			0				
19..																												
June 30																												
To Transfer to Branch A/c		770			0			0												770			0			0		

Dr.		BRANCH ACCOUNT.		Cr.	
19..		£ s. d.	19..	£ s. d.	
Jan. 1	To Balances, viz.—		Jan. 1	By Balance, viz.—	
	Plant and Machinery .. £806 0 0			Sundry Creditors .. £1,075 8 0	
	Furniture and Fittings .. 210 0 0			Expenses accrued .. 6 19 10	
	Stock on hand .. 1,422 10 0		June 30	Transfer from Branch Remittance A/c.	1,082 7 10
	Sundry Debtors .. 773 6 0			Branch Profit and Loss Account, viz.—	770 0 0
	Cash at Bank .. 312 0 0			Stock of Goods on hand	
	Expenses paid in advance .. 19 0 0			at Jan. 1st, 19.. .. £1,422 10 0	
June 30	Transfer from Branch Goods Account	3,542 16 0		Purchases .. 1,322 11 0	
	Branch Profit and Loss Account, viz.—	855 16 4		Discounts allowed .. 50 2 3	
	Sales .. £2,116 5 0			Salaries and Wages .. 620 0 0	
	Discounts earned .. 25 0 0			Rent and Rates .. 156 0 0	
	Stock on hand at June 30th, 19 .. 2,269 5 1	4,410 10 1		Sundry Expenses .. 322 5 2	
				Depreciation .. 40 6 0	
	Balances down, viz.—			Plant and Machinery .. £765 14 0	3,944 4 5
	Sundry Creditors .. £542 2 8			Furniture and Fittings .. 199 10 0	
	Bank Overdraft .. 570 11 3	1,129 3 11		Stock on hand .. 2,269 5 1	
	Expenses accrued .. 16 10 0			Sundry Debtors .. 885 0 0	
				Expenses paid in advance .. 22 5 0	
					4,141 14 1
19..		£9,938 6 4	19..		£9,938 6 4
July 1	To Balances down, viz.—		July 1	By Balances down, viz.—	
	Plant and Machinery .. £765 14 0			Sundry Creditors .. £542 2 8	
	Furniture and Fittings .. 199 10 0			Bank Overdraft .. 570 11 3	
	Stock on hand .. 2,269 5 1			Expenses accrued .. 16 10 0	
	Sundry Debtors .. 885 0 0				£1,129 3 11
	Expenses paid in advance .. 22 5 0				
		£4,141 14 1			
				Note—	
				Net difference, £3,012 10s. 2d.	

Dr.		BRANCH PROFIT AND LOSS ACCOUNT.		Cr.	
19..		£ s. d.	19..	£ s. d.	
June 30	To Branch Account, viz.—		June 30	By Branch Account, viz.—	
	Stock of Goods on hand at Jan. 1st,			Sales	2,116 5 0
	19	1,422 10 0		Stock of Goods on hand	2,269 5 1
	Purchases	1,322 11 0		Discounts earned	25 0 0
	Discounts allowed	50 2 3			
	Salaries and Wages	620 0 0			
	Rent and Rates	156 0 0			
	Sundry Expenses	322 5 2			
	Depreciation at 10% per annum				
	on Plant and Machinery	40 6 0			
	" Furniture and Fittings	10 10 0			
	" Net Profit carried down	466 5 8			
		£4,410 10 1			£4,410 10 1
19..		£466 5 8	19..		£466 5 8
June 30	To Transfer to General Profit & Loss A/c		June 30	By Net Profit	

Note.—As the above accounts are designed to illustrate first principles, considerations such as the question of reserves for discounts on debtors and creditors, reserve for bad debts, etc., have been omitted.

head office account, head office goods account, and head office remittance account in the branch trial balance. The balances on branch remittance account and branch goods account will then be transferred to the branch account, closing the two former accounts. Next, by means of the journal, the branch account will be debited, and branch profit and loss account credited with the various revenue items appearing on the credit side of the branch trial balance, such as sales, discounts earned, and the value of stock of goods on hand at end of period. By the same means the branch account will then be credited, and branch profit and loss account debited with the various expenses and outgoings appearing on the debit side of the branch trial balance, such as the value of stock of goods on hand at commencement of period, purchases of goods, salaries and wages, rent and rates, sundry expenses, and the like. The net effect of

these journal entries is obviously to debit branch account and credit branch profit and loss account with the net profit made at the branch for the period. Next, the balance of net profit should be transferred from branch profit and loss account to the general profit and loss account. The balance on branch account may then be brought down, preferably under the different headings of assets and liabilities, as in the example.

In the general balance sheet compiled by the head office the various assets and liabilities of the branch should be added to the corresponding figure relating to the head office. Thus, for example, the branch stock of goods will be shown along with head office stock, and so on throughout. This is very important, particularly where there are a number of branches, in which case the inclusion of their indebtedness amongst, say, the sundry debtors would make the balance sheet erroneous.

It is for this reason that the balances on branch account are brought down separately in the example.

BRAND.—This is generally a trade mark made by the impression of a hot iron on casks or packing cases, usually for the purpose of indicating the quality of the articles contained therein.

BRANDY.—The well-known alcoholic spirit distilled from white or red wines, the latter variety being inferior in quality to the former. It is sometimes called Cognac from the town in the West of France, where the best brandy is made. The spirit is colourless when kept in glass vessels, but gains a yellowish colour from casks by dissolving the colouring matter of the wood. Brown brandy is obtained by the addition of caramel or burnt sugar. The peculiar flavour and aroma are due to the presence of small quantities of various ethers. In England, brandy is prepared from grain spirit with an addition of Hungarian oil, and on the Continent potato spirit is used, which is injurious on account of the fusel oil it contains. The German name "Branntwein" (= burnt wine) is applied to all kinds of spirit prepared from grain or distilled from various fruits, e.g., *Kirschbranntwein* or *Kirschwasser* is derived from cherries and their kernels, whereas English cherry brandy is brandy in which cherries have been steeped and preserved.

BRASS.—A yellow alloy consisting of copper and zinc, the proportions varying according to the object for which the metal is required. For specific purposes, small quantities of iron, tin, or lead are added. The effect of iron is to render the metal hard and tenacious. Brass is very malleable, ductile, easily fusible, and can be readily cast into moulds. A large percentage of zinc makes the metal less tenacious, less ductile, and lighter in colour. Muntz metal and Gedge's metal, which are used for sheathing ships are alloys of the brass kind. Sterro metal is the hardest of all these alloys, having an addition of 1·8 of iron and 0·8 of tin to 55 parts of copper and 42·4 of zinc. Birmingham is the headquarters of the brass industry.

BRASSAGE.—This was the name given to the charge which was formerly made by the Mint, to cover the expense of coining, when any person took bullion to the Mint to be coined. This charge was abolished in 1666. Sovereigns can be obtained in normal times, for bullion of standard quality free of cost.

BRATTICE CLOTH.—The name given to strong waterproof canvas, sometimes used in mines instead of boards as partitions and for regulating ventilation.

BRAZIL.—Position, Area, and Population. The United States of Brazil, forming the most extensive republic in South America, lie almost entirely in the tropics, and the Northern States are crossed by the equator. On the north the republic is bounded by the British, Dutch, and French Guianas, Venezuela, and Colombia; on the west by Colombia, Peru, Bolivia, Paraguay, and Argentina; on the south by Uruguay; and on the east by the Atlantic Ocean. The land boundaries thus touch upon every republic of South America, with the exception of Ecuador and Chile. The total area of Brazil is nearly 3,300,000 square miles, or about twenty-six times the size of the United Kingdom. No satisfactory statistics of population are available; probably the number approaches 25,000,000, comprising Europeans, descendants of the original Portuguese

settlers (about 37 per cent.); races of mixed blood (about 37 per cent.); negroes, descendants of African races brought over to supply the labour on the various plantations (about 20 per cent.); and Indians inhabiting the selvas (about 6 per cent.). The density of population is only six to the square mile. Very thinly populated regions are the dense forest regions of the Amazon, and the sterile campos; and the most densely populated districts are the agricultural and mining regions of the east. The Brazilian Government has for many years made great efforts to attract immigrants, and before the outbreak of the Great War in 1914 they numbered about 100,000 annually. The Latin races were most numerous and settled in the North, whilst Germans, Austrians and Jews settled in the south. It will be interesting to see how immigration is affected in the future. Brazil has not been an attractive country up to the present for the average Britisher.

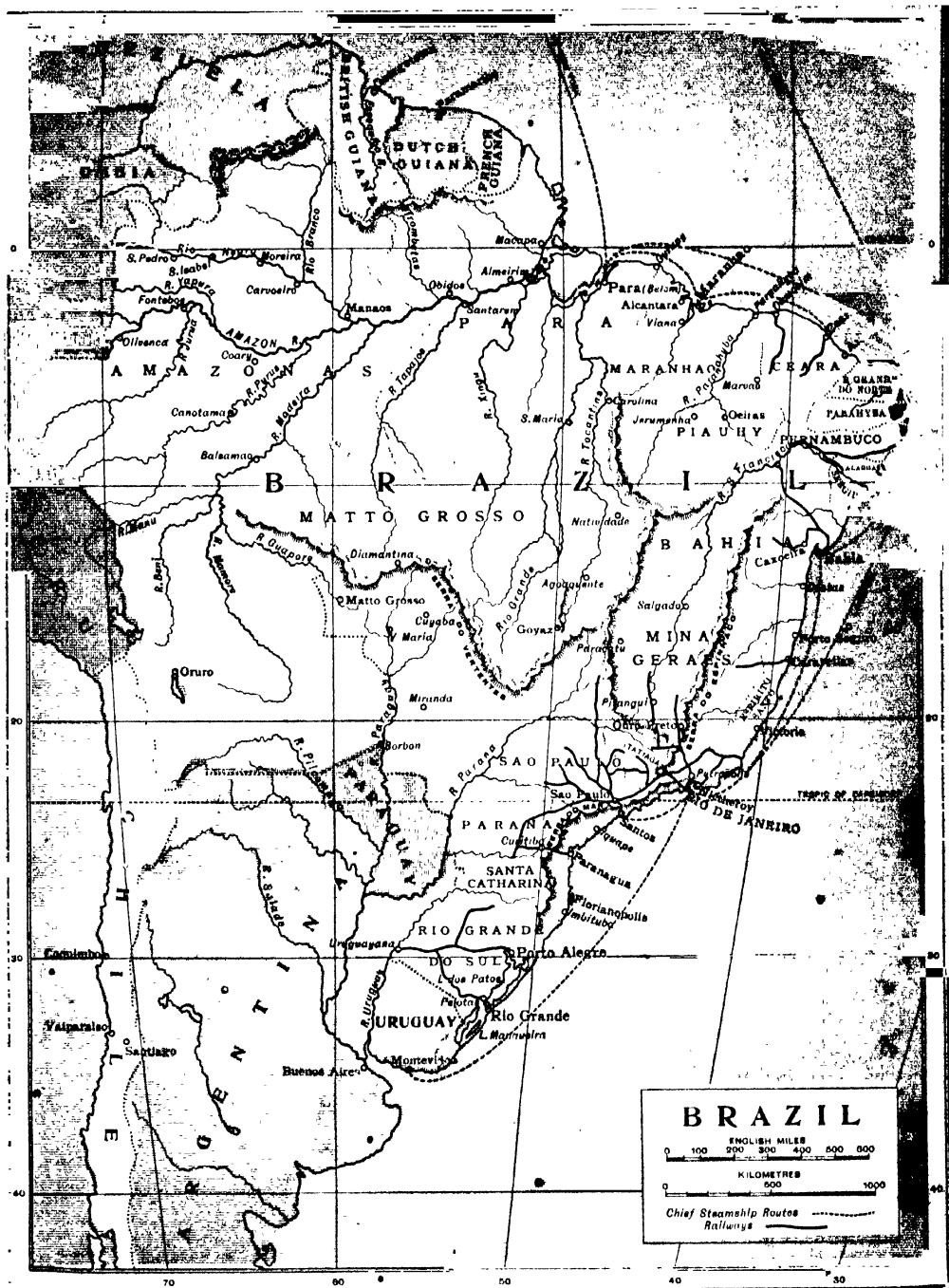
Coast Line. Brazil possesses fully 4,000 miles of coast, but this not only compares unfavourably with the extent of the coast line of great maritime countries, but is also deficient in really good harbours, and is diversified by few islands or deep inlets, the only inlets of note being the estuary of the Amazon, the Gulf of Bahia, and the Bay of Rio de Janeiro. The northern coast is low and swampy, and dangerous shoals and quicksands and exposure to the trade winds add to the difficulties of navigation. South of the Amazon estuary the coast, broken only by the Gulfs of São Marcos and Bahia, is bordered by a sandstone reef as far as 20° south latitude. In the "elbow" of Brazil, Cape San Roque, formed by the Brazilian Highlands which there meet the sea, approaches more nearly the African coast than any other part of the Brazilian coast. Beyond 20° south latitude, a series of lagoons run parallel to the sandy coast, except where the mountainous spurs of the Serra do Mantiqueira provide several magnificent harbours, notably that of Rio de Janeiro.

Bulld. Broadly speaking, Brazil falls naturally into two main physical regions of unequal extent—

(1) The Eastern and Central Uplands, forming an "island" of mountains and plateaux, surrounded by rivers and the Atlantic Ocean, representing all that now remains of the ancient Brazilian Highlands, and occupying 700,000 square miles; and

(2) The Northern and Western Lowlands, which have replaced a vast inland sea.

The Brazilian Highlands, formed of hard, ancient rocks, are enclosed between the Atlantic Ocean and the valleys of the Paraguay-Paraná-Plate, and the Amazon-Madeira-Guaporé. They represent the remains of a worn-down and river-dissected mighty mountain mass, and form three chief connected systems: (1) The Sea Mountains (Serras do Mar) extending along the coast from 22° to 30° south latitude, and containing Itatiaia (about 9,000 ft), the highest summit in Brazil; (2) The Backbone (Espinhaço), an extension of the Sea Mountains, projecting inland towards the basins of the Paraná and São Francisco; and (3) the Water Partings (Vertentes), dividing the head waters of the Paraná from those of the Tocantins and the São Francisco. The average height of the Highland Region is about 3,000 ft., the highest elevations being in the coastal ranges, where the average is between 4,000 and 5,000 ft. The States of Minas Geraes and Goyaz, in the heart of the Brazilian Highlands, have an average height of 3,500 ft., and westward from them the Matto Grosso ("Great Woods") plateaux average



over 2,500 ft. In general, the uplands fall abruptly to the Atlantic, and gently incline towards the Amazon and Paraná. Much of the more elevated portions of the interior form campos, which are usually classified as: (1) *Campos cerrados* ("closed plains"), consisting of grassy plains, dotted with numerous small groves, woods, or thickets, and generally of a park-like appearance, and (2) *campos abertos* ("open plains"), covered with little except grass and scrubby vegetation. Everywhere the campos are traversed by chains of low and generally rounded hills, and are furrowed by broad, deep river beds. Their economic utility is not great. Brazil also includes part of the Guiana Highlands, a region of sandstone tablelands with savannah vegetation.

The Lowland Regions, comprising mainly the Amazon tropical forest lowlands (*selvas*), include an area about two-thirds of that of Europe, covered largely with dense virgin forests, through which the Amazon and its mighty tributaries wind their ways. Great heat, abundant moisture, and rich soils result in a most profuse vegetation, and its density is such that the *selvas* may be considered as practically trackless, and almost sunless. The plants and animals have the characteristics of creepers and climbers. So glorious and luxuriant is the vegetation of the *selvas* that it baffles description. To progress the *selvas* have, as yet, proved an insurmountable obstacle—the marvellously quick growth, the impenetrable wall of vegetation, and the small degree of sunlight which penetrates the thick foliage overhead, check the development of the aboriginal population, and limit largely the utilisation of the forest wealth by more progressive races. Fuller development of the *selvas* will probably come by the formation of clearings by the natives and by trading syndicates utilising the timber in the course of forest clearing, and using native labour where exposure to heat and rain is necessary. Forests with great profusion of flowers and lovely ferns are also found on the seaward slopes of the coast ranges. Other lowland regions include the hot and well-watered coastal strips, the upper Paraguay-Paraná region, with rich savannah vegetation varied with occasional woodland, and part of the temperate, grassy plains of the lower Paraguay-Paraná region.

Brazil is unequalled for the number and extent of its rivers; the longest, the Amazon, drains a greater area (a vast expanse of alluvium of over 2,000,000 square miles), and has a greater volume than any other river in the world. The Amazon (nearly 4,000 miles) is formed by the union of two head streams, the Marañon rising in Lake Lauricocha in Peru, and the more southerly Ucayali. These rivers and the Huallaga flow northwards, and descend from their lofty sources in a series of cataracts and rapids. They finally turn eastward, breaking through the Eastern Andes to the lowlands, and at their junction the united stream is known as the Amazon (a word probably derived from the Amazon female warriors, or from the Indian word *amosso*, meaning "boat-destroyer"). The river now winds its way through the greatest primeval forests of the world, receiving many tributaries on its course to the Atlantic. Of those from the north, the largest is the Rio Negro. The Jurua, Purus, Madeira, Xingu, Tapajos, and the Tocantins come from the south. The southern tributaries are flooded in the southern summer, when the rain belt swings southward, and at this time the volume of the great river is greatest; but its mean level is fairly constant throughout the year, for the northern tributaries are flooded in the

northern summer. The main stream, bearing many verdant islands on its bosom, is often miles in width, and is navigable to where the Marañon issues from the eastern wall of the Andes. No delta is formed by the Amazon, but a great estuary, which for the last 250 miles is 50 miles wide, and at its mouth as much as 500 miles. Up this funnel the tide rushes for 500 miles, often with great violence, and its influence is felt as far as Obidos, 75 miles above the junction of the Amazon and Tapajos. The freshening effect of the mighty volume of Amazonian waters poured into the Atlantic is felt 200 miles out at sea. Of the two principal mouths of the Amazon, which are separated by Marajo Island, the southern or Pará mouth, with its narrow and intricate winding channels, is utilised by steamers.

The other rivers of note are the Paraná-Paraguay, flowing southwards with a fairly uniform flow, and the São Francisco flowing northwards and eastwards with a varying volume, since it lies almost wholly in a region marked with a season of drought. Points of interest are that half the surface of Brazil belongs to the Amazon-Tocantins basin, about a quarter to that of the Paraná-Paraguay, and the remainder to the São Francisco and the short Atlantic rivers; and that only low divides separate the basins of the great rivers, so that they are frequently connected—the Cassiquiare permanently connects the Orinoco with the Rio Negro, the Trombetas connects the Amazon with the Essequibo, the Sono-Sapão permanently connects the Tocantins with the São Francisco, and the Jaurú-Paraguay and the Guaporé scarcely 4 miles apart, are connected by floods in the wet season.

Climate. Brazil is included between 5° north and 33° south latitude, and hence lies mainly in the tropics. Naturally, therefore, the climate is, generally speaking, typically tropical, except where modified by altitude and latitude. Three zones may, however, be distinguished—

(1) The strictly tropical regions include the States of Pernambuco, Paraíba, Rio Grande do Norte, Pará, Ceará, Piauí, Alagoas, Sergipe, Maranhão, Amazonas, and parts of Bahia, Espírito Santo, Goyaz, Minas Geraes, and Matto Grosso, the whole comprising three-quarters of the republic.

(2) The sub-tropical regions include much of the States of Paraná, Rio de Janeiro, São Paulo, and the uplands of Bahia, Minas Geraes, Goyaz, and Matto Grosso, the whole comprising one-fifth of the Republic; and

(3) The temperate regions include the States of Santa Catharina, Rio Grande do Sul, and the southern part of Paraná, the whole comprising one-twentieth of the republic.

The climate of the central Amazon valley is characterised by its excessive heat (sometimes 106° F in the shade), and copious rainfall (about 90 in annually). Two branches of the South Equatorial Current raise the temperature of the coastal districts, and practically the whole of Brazil has a mean annual temperature of 70° F. and over. The only comparatively dry area of Brazil (annual rainfall 15 in to 25 in) is the middle basin of the São Francisco, which is robbed of its moisture by the barrier of the Brazilian Highlands. Elsewhere the trade winds deposit heavy rainfalls.

Productions and Industries. Brazil may be described as a sleeping giant, for its vast area and natural resources are little utilised. Its possibilities are said to be boundless, but this view needs modification, since the campos are of small economic

value, and the lack of the earthworm and a resting period for the vegetation of the Amazon valley need to be considered. Yet it is true to assert that Brazil, with its varieties of soil and climate, its innumerable streams, its great heat and moisture, and its wonderful vegetation has the hope of a great future. Development will come when more capital is expended, when a greater population is secured, and when the labour material of well-developed countries finds its place on Brazilian soils. The selvas will long prove a barrier to civilisation, but man's ingenuity will finally conquer them.

Agriculture. Agriculture is one of the mainstays of Brazil, but only a small fraction of the land is under cultivation. Coffee is the most important product, over one-half of the world's supply being raised. The coffee tree grows best at an elevation of 3,000 to 4,000 ft., and requires great heat, considerable moisture, and a soil rich in humus (decaying vegetable matter). For these reasons, and because it is grown so largely for export, the chief coffee regions are on the seaward slopes of the Serras do Mar, the chief States being Rio de Janeiro, Minas Geraes, São Paulo, and Espírito Santo. The cacao tree requires a deep soil, and great heat and moisture. It is mainly grown in the States of Bahia, Pernambuco, Maranhão, Ceará, and Piauí. Sugar is an important commodity, and is produced in the States of Pernambuco, Bahia, and Rio de Janeiro, where the soil has the necessary lime constituent. Cotton is cultivated in the northern States of Ceará and Pernambuco; tobacco in Bahia and Goyaz; and yerba, maté, or Paraguay tea in the southern States. Rice, manioc (tapioca), beans, maize, sweet potatoes, yams, bananas, figs, and oranges are grown under conditions of primitive agriculture, chiefly for local needs.

Forestry. The vast Brazilian forests yield a variety of products. Rubber is the most important commodity, but the area from which it is obtained is receding from the main streams, and attempts are being made to cultivate it in Grão Pará. The chief collecting and distributing centres for rubber and other forest products are Mânaos, Obidos, Santarem, Pará, Maranhão, and Ceará. Among the typical forest products are vanilla, sarsaparilla, cinchona bark, coca, Brazil nuts, tamarinds, balsam, gums, dye-woods, beautiful cabinet woods, and woods suitable for shipbuilding. The timber industry is of minor importance. Uncivilised tribes of Indians fish in the rivers, hunt the few game, collect the produce of the forests, and at the edge of the forests practise a little primitive agriculture.

The Pastoral Industry. The pastoral industry is becoming of increasing importance. Vast herds of oxen and numerous horses feed on the grassy campos, and the temperate grassy plains of the south. The total number of cattle approaches 20,000,000, and the State of Rio Grande do Sul takes the lead. Pigs and sheep are also fed in large numbers.

The Mining Industry. The mineral resources of Brazil are great, but mining is practically undeveloped, owing to poor transportation facilities, and a lack of suitable labour. Brazil was formerly noted for its diamonds and precious stones, but has lost much of its old importance since the discovery of the South African diamond fields. Gold and diamonds are worked mainly in the alluvial lands with their centre in the district of Minas Geraes ("many mines"). In the same

localities there are also found mercury, copper, zinc, and manganese ores, and many kinds of precious stones—topaz, amethyst, beryl, tourmaline, and agate. True coal, though only of moderate quality, exists in a continuous form from the State of São Paulo into and across that of Rio Grande do Sul, and lignite is found in Minas Geraes. Vast quantities of iron ore in Minas Geraes are little utilised. Magnetite is found in Paraná and Santa Catharina, and petroleum in workable quantities has been discovered in Rio Grande do Sul and Santa Catharina.

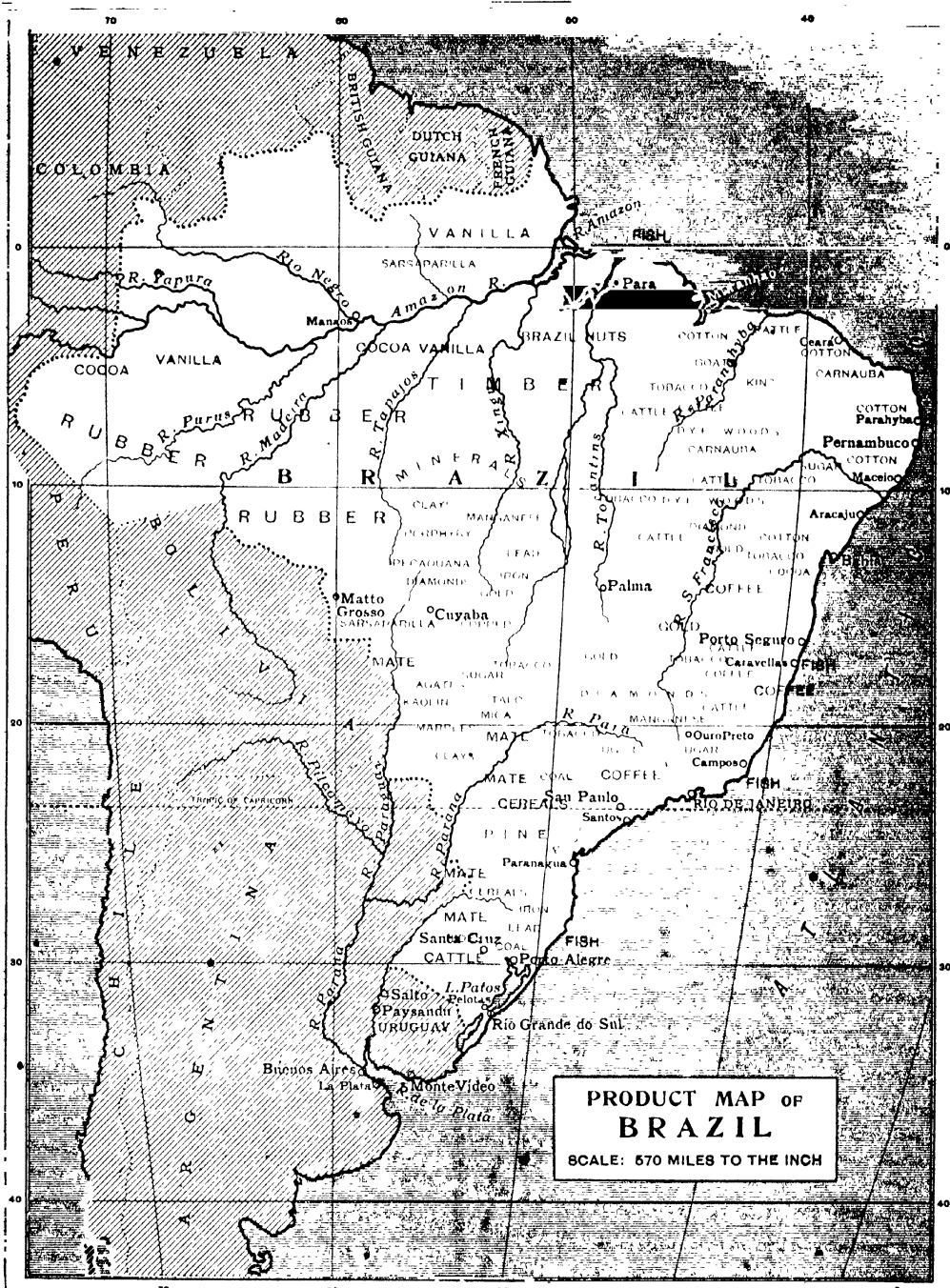
The Manufacturing Industries. The manufacturing industries are in their infancy, and are fostered by enormous protective duties. Cotton and woollen manufactures are carried on at Rio de Janeiro, Niteroy, Maranhão, Porto Alegre, and Rio Grande do Sul, and silk manufactures at Petropolis. Sugar refineries, tanneries, breweries, distilleries, and fruit preserving establishments represent the remaining manufactures.

Communications. The means of communication in Brazil are poor. Roads are often bridle paths or mere tracks, the rivers have falls and rapids, and the railways are of small extent for so vast a country (only about 15,000 miles), and are not on a uniform plan or gauge. The Amazon and its tributaries, however, give access to otherwise practically impenetrable regions, and provide many thousand miles of navigable waters, the Amazon itself being navigable for small boats without interruption to the foot of the Andes, a distance of 2,600 miles from its mouth, and for ocean-going steamers to Manâos. Paucity of inhabitants and similarity of products diminish the value of the Amazon navigation. The Paraná-Paraguay provides a convenient southern outlet. The Xingu, Tocantins, Tapajós, Rio Negro, Madeira, and São Francisco are all obstructed by falls and rapids. Canalisation and railway construction in the future will doubtless provide a complete eastern and western route between the Pacific and the Atlantic. At present, the railways run westward for short distances from the ports of Rio, Santos, Porto Alegre, Bahia, and Pernambuco, serving the agricultural, mining, and forest regions of the east.

Commerce. The exports of Brazil are all the products of extractive industries, and include coffee, rubber, cotton, hides, skins, tobacco, cocoa, yerba, maté, sugar, timber (cabinet and other), diamonds, gold, nuts, and ores (manganese and zinc). The chief outlets are Rio de Janeiro and Santos (coffee, the pre-eminent export); Bahia and Pernambuco (cotton, cocoa, sugar, and tobacco); Pará, Maranhão and Ceará (forest products); and Rio Grande do Sul, Porto Alegre, and Pelotas (animal products). Most of the imports are subject to high duties. The chief imports are cottons, iron and steel work, machinery, coal, wheat, flour, wine, leather, jerked beef, fish, woollen goods, and rum. Most of the trade of Brazil in the past has been with the United Kingdom, the United States, Germany, France, Portugal, Argentina, and Uruguay.

Trade Centres. The towns of Brazil are situated chiefly on the coast, and at the river junctions. There are thirteen towns with populations exceeding 30,000, and six of these have over 100,000.

Rio de Janeiro, the "Queen of the South" (1,000,000), the capital of Brazil, and the second city of South America, is situated on the Bay of Rio, a little land-locked bay, backed by mountains. Its harbour is commodious, safe, and beautiful, and rivals that of Port Jackson. Rio is famed for its botanical gardens and avenues, but is an unhealthy



town. It trades with all parts of the world, coffee forming the chief export.

São Paulo (350,000) lies inland south-west of Rio at a height of 2,390 ft. It is the capital of the State of São Paulo, and the headquarters of its coffee industry. Santos and Rio are connected with it by rail.

Bahia or **San Salvador** (250,000), the capital of Bahia, the ecclesiastical capital of Brazil, and the second port, lies on the Bay of All Saints. It possesses a splendid harbour, and exports sugar, tobacco, cotton, coffee, cocoa, and fruits.

Pernambuco or **Recife** ("the Reef") (230,000) is the capital of Pernambuco, and the chief sugar port of Brazil. It lies on the most easterly part of the Atlantic coast at the mouth of the Capibaibe. Its exports are chiefly sugar, tobacco, and cotton.

Pará or **Belem** (190,000) stands on low-lying land on the right bank of the Tocantins. It, therefore, commands the commercial entrance to the Amazon, and the main Amazon trade. Its exports include forest products (especially rubber), cocoa, and cotton.

Porto Alegre (150,000), the capital of Rio Grande do Sul, stands at the northern end of the Lagoa dos Patos. It exports the animal products of the southern States, but is only accessible to ships of small draught.

Maniós (60,000), near the confluence of the Rio Negro and the Amazon, is the capital of Amazonas, and a natural economic centre for forest products, notably rubber. It can be reached by ocean steamers.

Niteroy (50,000) faces Rio. It is the capital of the State of Rio, a centre for coffee, and a textile manufacturing town.

Santos (50,000) is the principal port of São Paulo, and one of the chief outlets for coffee.

Ceará or **Fortaleza** (40,000), the capital of Ceará, possesses a poor harbour, cargo having to be landed in surf-boats on the beach. It exports sugar and rubber.

Parahyba (35,000), the capital of Parahyba, exports cotton and sugar.

Maranhão or **São Luiz** (35,000), the capital of Maranhão, stands on an island in São Marcos Bay. It exports cotton and forest products.

Ouro Preto ("Black Gold") is the chief mining town of Minas Geraes.

Other towns of note are **Goyaz** (capital of Goyaz), **Parnaguá** (the chief commercial town of Paraná), **Cuyabá** (the capital of Matto Grosso), and **Florianopolis** or **Desterro** (the capital of Santa Catharina).

History and Government. Pedro Alvarez Cabral, a Portuguese navigator, landed in Brazil in 1500, and the Portuguese colonised the country, claiming that it fell within their territory as settled by the Treaty of Tordesillas, 1494. Independence was proclaimed in 1822, when Brazil became an empire under the sway of Dom Pedro. A bloodless revolution in 1889 overthrew the empire, and Brazil was declared a republic. Its first president was General Deodoro Fonseca, and its constitution, modelled on that of the United States, was proclaimed in 1891. Brazil broke off diplomatic relations with Germany in April, 1917. The British representative at Rio de Janeiro was raised to the dignity of an ambassador in 1918.

Brazil is one of the world's great undeveloped assets, and it would seem that its future must depend on the Latin races, who develop countries slowly, unless science can render available certain

regions for more progressive races. The southerly temperate regions, with their colonies of Germans and Jews, who have titles to the soil, promise a quick development.

There is a regular weekly mail service to Brazil. Rio de Janeiro is about 5,750 miles distant from Southampton, and the time of transit is about 17 days. To Pernambuco the time is 3 days less.

BRAZIL NUTS.—The edible seeds of the *Bertholletia excelsa*, a native of Brazil, Guiana, and tropical America generally. The seeds, or nuts, are found tightly packed in a hard shell, hence their angular shape. In addition to their value as a food, Brazil nuts provide an oil used for burning. They are mainly exported from Para, in Brazil, and from French Guiana.

BRAZIL WOOD.—A hard dye-wood obtained mainly from the *Caesalpinia echinata* of the West Indies, and from similar trees growing in Brazil, the East Indies, and Japan. The dye imparts a bright crimson colour to wools and silks, but, owing to its lack of permanence, it has now been replaced by aniline colours.

BREAD, SALE OF.—By an Act passed in 1822, it is required that bread must be sold by weight, but French bread, fancy bread, or rolls may be sold without previously weighing the same. Bread must be sold by avoirdupois weight of 16 ozs to the pound. The bread must be weighed in the presence of the party who purchases it, whether or no the purchaser requests that the bread be weighed. Every baker or seller of bread must keep scales and weights in a conspicuous place in the shop, so that the bread may be weighed in the presence of the purchaser. Whenever bread is delivered to the purchaser at his own house, and the bread is conveyed in a cart drawn by a horse, mule, or ass, proper scales and weights must be carried also, so that the bread may be weighed from time to time in the presence of the purchaser.

The above regulations apply to bread sold in the City of London, and within 10 miles of the Royal Exchange. Fines will be inflicted in every case of disobedience to the terms of the Act. A later Act, passed in 1836, extended the law as above summarised, so as to embrace bakers and sellers of bread outside the limits of the metropolis. Every baker, seller of bread, journeyman, servant, or other person employed, must constantly carry in any cart or other carriage a correct beam and scales, and proper weights. If a baker or his servant refuses to weigh the bread if asked to do so, when he delivers it at the door of the purchaser, he will be liable to a fine.

Section 32 of the Weights and Measures Act, 1889, declares that no baker or seller of bread, or his servant, shall be liable to fine or forfeiture "for refusing to weigh in the presence of the purchaser any bread conveyed or carried out in any cart or other carriage, unless he is requested so to do by or on behalf of the purchaser."

It is well known that stringent regulations were in force as to all kinds of provisions, including bread, during the Great War. As these were, or are, of a temporary character, it has not been considered necessary to set them out. Practically the special legislation and orders referring to bread have lapsed.

(See also BAKEHOUSES, THE LAW AS TO.)

BREAKING OPEN DOOR.—(See DISTRESS, EXECUTION.)

BRIAR ROOT.—The roots of the *Erica arborea*, or white heath, which grows in France, Corsica,

Algeria, and the Pyrenees. The wood is fine and hard, and is extensively used for bowls of tobacco pipes, of which several millions are turned out annually. The French word *bruyère* (heath) is said to be the origin of the name.

BRIBERY.—At common law it has always been held to be a misdemeanour (*q.v.*) in Great Britain for any public official to offer or to accept a bribe, and the common law rule has been supplemented by various statutes, imposing heavy penalties upon those who are guilty in this respect. The two latest statutes are the Public Bodies Corrupt Practices Act, 1889, and the Prevention of Corruption Act, 1906. The former is connected with the corruption of the officials of public bodies in various ways, and covers all cases of giving, offering, soliciting, or receiving a bribe, reward, or any advantage whatsoever, "as an inducement to, or reward for, or otherwise on account of" any member, officer, or servant of a public body. No prosecution can be instituted except by or with the consent of the Attorney-General. The latter Act is more far-reaching, and is directed against corrupt transactions with agents, who are defined as meaning any persons "employed by or acting for another." Proceedings are taken by information, which must be on oath; but no prosecution can be instituted without the consent of the Attorney-General or the Solicitor-General. Section 1 of the Act is as follows—

"If any agent corruptly accepts or obtains, or agrees to accept or attempts to obtain, from any person, for himself or for any other person, any gift or consideration as an inducement or reward for doing or forbearing to do, or for having, after the passing of this Act, done or forborne to do, any act in relation to his principal's affairs or business, or for showing or forbearing to show favour or disfavour to any person in relation to his principal's affairs or business; or

"If any person corruptly gives or agrees to give or offers any gift or consideration to any agent as an inducement or reward for doing or forbearing to do, or for having after the passing of this Act done or forborne to do, any act in relation to his principal's affairs or business, or for showing or forbearing to show favour or disfavour to any person in relation to his principal's affairs or business; or

"If any person knowingly gives to any agent, or if any agent knowingly uses, with intent to deceive his principal, any receipt, account, or other document in respect of which the principal is interested, and which contains any statement which is false or erroneous or defective in any material particular, and which to his knowledge is intended to mislead the principal; he shall be guilty of a misdemeanour, and shall be liable on conviction or indictment to imprisonment, with or without hard labour, for a term not exceeding two years, or to a fine not exceeding £500, or to both such imprisonment and such fine, or, on summary conviction, to imprisonment, with or without hard labour, for a term not exceeding four months, or to a fine not exceeding £50, or to both such imprisonment and such fine."

It will be seen that the words of the Act are very far-reaching, and it is quite possible to turn many

apparently innocent gifts into bribes, but the safeguard lies in the fact, already noted, that no proceedings may be taken unless the fiat of the Attorney-General or of the Solicitor-General has first been obtained, and it is certain that this would never be granted unless it was manifest that the case was one of gross corruption—the evil at which the Act specially aims.

BRICKS.—Baked earth or clay moulded into square shapes and used for building purposes. The best clay consists of sixty parts of silica, twenty of alumina, and twenty of lime iron, manganese, or some similar substance. Bricks are now mostly made by machinery. They are generally 9 in. long, 4½ in. broad, and 3 in. thick. There are numerous varieties. The product of the Stafford brick-fields is blue in colour, while Suffolk produces the "Suffolk whites." Good red stocks are obtained from Scotland. Fire bricks are especially made to withstand high temperatures. The best come from Wales and Stourbridge. Dutch bricks are hard burnt bricks used for paving stables, etc.

BRICK TEA.—Tea sold in blocks or slabs. The trade in this article is confined to China and Russia.

BRIE.—A species of flat French cheese, with a rough surface. It is largely consumed on the Continent, and England also imports a considerable quantity.

BRIEF.—This term is derived from the Latin word *brevis*, which means short, and signifies the document which contains a short account of a client's case, as drawn up by a solicitor for the use of counsel in the conduct of an action.

BRILL.—A fish found abundantly in the seas of Northern Europe. It is of the same species as the turbot, and is often substituted for it, though lacking the delicacy and firmness of the latter fish. It is also smaller in size and has white spots.

BRIMSTONE.—The commercial name of sulphur when made into sticks or rolls.

BRIQUETTES.—Brick-shaped masses of artificial fuel, usually made of small coal combined with a certain proportion of pitch, tar, or asphalt, but occasionally manufactured from charcoal, peat, or coke. They are usually either 5 lbs. or 10 lbs. in weight, and are used for heating the boilers of locomotives, for puddling furnaces, and also as an economical fuel for household purposes; but they leave large quantities of white ash and do not give out as much heat as good coal. Their French name indicates their origin, and France is still the chief centre of the manufacture.

BRISTLES.—The word is mainly used of the stiff hairs of the hog and wild boar. The best bristles come from Russia and Poland, and a large trade is done by France, Germany, Holland, Belgium, China, and, more recently, by the United States, whose exports of bristles are constantly increasing. England imports tremendous quantities for the manufacture of brushes, and for use in shoe-making and saddlery. The value of bristles varies greatly, the inferior sorts bringing £8 per cwt., while the best qualities are worth nearly eight times that sum.

BRITANNIA METAL.—A silver-white alloy, of which tin is the principal constituent, the other metals being antimony, copper, zinc, lead, or bismuth. It forms a good ground for electroplating with silver, and is, therefore, in great demand in Sheffield and Birmingham, where it is used for making tea-pots, covers, dishes, spoons, etc.

BRITISH COLUMBIA.—(See CANADA.)

BRITISH NATIONALITY.—(See NATIONALITY, BRITISH.)

BRITISH PHARMACOPOEIA.—This is the name given to the book which contains a list of drugs, medicines, and various compounds, the manner of preparing them, and the weights and measures by which they are prepared and mixed. It is published under statutory authority by the General Medical Council. It is essential that all medicines and compounds should be mixed and prepared in accordance with the formularies authorised. Any preparation made up otherwise, unless it is a patent medicine, renders the maker liable to severe penalties. The standard prescribed by the British Pharmacopoeia, generally spoken of as the "B.P. standard," is that which is demanded, unless otherwise stipulated by the parties, in the case of the purchase of any article contained in its list, and this is prescribed by the provisions of the Food and Drugs Act (*q.v.*).

BRITISH SHIP.—The Merchant Shipping Act, 1894, enacts that a ship shall not be deemed to be a British ship unless owned wholly by persons of the following description: (a) Natural born; (b) persons naturalised; (c) persons made denizens by letters of denization; and (d) bodies corporate established under and subject to the laws of some part of His Majesty's Dominions, and having their principal place of business in those Dominions. Provided that any person who—(1) Being a natural-born British subject, has taken the oath of allegiance to a foreign sovereign or State, or has otherwise become a citizen or subject of a foreign State, or (2) has been naturalised or made a denizen shall not be qualified to be owner of a British ship unless, after taking the oath, or becoming a citizen or subject of a foreign State, he has taken the oath of allegiance to the King of England, and is during the time he is owner of the ship resident in the King's Dominions, or partner in a firm actually carrying on business there. Every British ship must, unless exempted, be registered, otherwise it is not to be recognised as a British ship. The following ships are exempted from registration: (1) Ships not exceeding 15 tons burden employed solely in navigation on rivers and coasts of the United Kingdom, or on the rivers and coasts of some British possession within which the managing owners of the ships are resident, (2) ships not exceeding 30 tons burden, and not having a whole or fixed deck, and employed solely in fishing or trading coastwise on the shores of Newfoundland or in the Gulf of St. Lawrence, or on such portions of the coasts of Canada as lie back in that gulf. Before registration, the ship must be surveyed, measured, and marked with her name and draught of water, and a declaration of ownership must be made. Upon registration, a certificate of registry is given to her owner, containing the particulars entered concerning her in the registry book and the name of her master. Any change of her master or owner must be indorsed upon it, and it must be surrendered in the event of her being lost or ceasing to be a British ship. For registration purposes the property in a ship is divided into sixty-four shares, and not more than sixty-four individuals are entitled to be registered at the same time as owners of any one ship; but this rule does not affect the beneficial title of any number of persons or of any company represented by or claiming under or through any registered owner.

A person is not to be entitled to be registered as owner of a fractional part of a share in a ship; but any number of persons not exceeding five may be registered as joint owners of a ship or of any share or shares therein. Joint owners are considered as constituting one person only as regards the persons entitled to be registered, and are not entitled to dispose in severalty of any interest in a ship, or in any share therein in respect of which they are registered. A corporation may be registered as owner by its corporate name. The right to direct the movements of the ship belongs to the majority of owners, but the minority can obtain bail for the value of their shares if she is sent on a voyage to which they object. The transfer of a registered ship must be made by an instrument which is described as a bill of sale. If the property in a registered ship or a share in her is transmitted by death, bankruptcy, or marriage to an unqualified person, an order for sale or transfer must be applied for from the competent Court, or the ship or shares are liable to forfeiture. A registered ship or a share in her can be mortgaged in the form prescribed by the Merchant Shipping Act, 1894, and the mortgage must be registered; the priority of such mortgages depends on the date of their registration; the mortgagee is not treated as owner except so far as is necessary for making available the security for the debt, but he has an absolute power of sale over the ship or share subject to the rights of prior mortgagees. If the mortgagor becomes bankrupt after the registration of the mortgage, the mortgage is not affected. Where a registered owner desires to dispose by way of mortgage or sale of the ship or share, at any place out of the country in which the port of registry of the ship is situate, the registrar may grant him a certificate of mortgage or sale. The red ensign is declared by the Merchant Shipping Act to be the proper national colours for all ships and boats belonging to a British subject. The use of the red ensign is confined to merchant ships, the white and blue ensign being the distinctive flag used by the Royal Navy. The blue ensign, however, may be used by a merchant ship which is commanded by a naval reserve officer provided there are also ten reserve men at least engaged as members of the crew. Permission to use the blue ensign must be obtained from the Admiralty.

Every registrar of shipping must transmit every month to the Registrar-General of Shipping a full return of all registries, transfers, transmissions, mortgages, and other dealings with ships which have been registered by or communicated to him, and of the names of the persons concerned in the same. A person on payment of a fee of 1s. may, on application to the registrar at a reasonable time, inspect any register book. When a registered ship is so altered as not to correspond with the particulars relating to her tonnage or description contained in the register book, the registrar of the first port at which the ship arrives, after the alteration shall, on application being made to him, cause the alteration to be registered, or direct that the ship be registered anew, otherwise the ship is not to be recognised as a British ship.

Every foreign-going ship having 100 persons or upwards on board must carry a duly qualified medical practitioner.

"Foreign-going Ship" includes every ship employed in trading or going between some place or places in the United Kingdom, and some place or places situate beyond the following limits: The

coasts of the United Kingdom, the Channel Islands, and the Isle of Man, and the continent of Europe between the river Elbe and Brest inclusive.

"Home-trade Ship" includes every ship employed in trading or going within the following limits: The United Kingdom, the Channel Islands, and the Isle of Man, and the continent of Europe between the river Elbe and Brest inclusive. "Home-trade passenger ship" means every home trade ship employed in carrying passengers.

All births, deaths, and marriages occurring on board ship must be recorded in the official logs.

Every British ship (except ships under 80 tons register, employed solely in the coasting trade) must be permanently and conspicuously marked with lines, called deck-lines, of not less than 12 in. in length and 1 in. in breadth, painted longitudinally on each side amidships, and indicating the position of each deck which is above water, and there must be marked a circular disc 12 in. in diameter, with a horizontal line 18 in. in length drawn through its centre. The centre of this disc must be placed at the level approved by the Board of Trade to indicate the maximum load-line in salt water to which the ship may be loaded.

For particulars as to the name of a ship, its distinctive marks, etc., the Act of 1894 must be consulted.

All persons on board a ship may be considered as within the jurisdiction of that nation whose flag is flying on the ship, in the same manner as if they were within the territory of that nation. The Admiralty jurisdiction of England extends over British ships in foreign rivers below the bridges, where the tide ebbs and flows, and where great ships go, although the municipal authorities of the foreign country may have concurrent jurisdiction.

BRITISH TRADE CORPORATION.—This is an outcome of the Great War, the association being incorporated in 1917 as a result of the report of the Committee appointed by the Government to report upon the best means of assisting British trade both during and after the war. Its object is not to set up new undertakings on its own account, but to assist financially those who are launching out in various directions, where it can be shown, that such undertakings are for the benefit of the trade of this country. It is really a means of credit assistance which has been practised in Scotland, France, and Germany. The British Trade Corporation has been started under good auspices, and, in the particular sphere it has carved out for itself, it should prove a very useful complement to the ordinary banking machinery of the country.

BROAD ARROW.—This is the Government mark, thus ↑, stamped upon or cut in all solid materials used in Government ships and dock-yards, in order to prevent misappropriation of stores. It is also marked upon the clothing of criminals. To obliterate the mark renders an offender liable to prosecution for felony. The broad arrow was the badge of Viscount Sydney, of Penshurst, Earl of Romney, who was Master-General of the Ordnance during the reign of William III, but it is uncertain how it came to be used as a Government mark.

BROAD CLOTHS.—A fine kind of woollen, fulling cloth used for men's garments.

BROCADE.—An embroidered silk fabric, with a raised pattern into which gold or silver thread was often woven, though modern brocades are generally made of silk alone. Though originally

manufactured in China, brocades now come chiefly from France. They are mainly used in upholstery.

BROCCOLI.—A variety of cabbage resembling the cauliflower, but it is harder in its constitution, and has a coloured instead of a white head. The greatest trade is done in the spring, when plentiful supplies of excellent quality are sent from Penzance.

BROKEN ACCOUNT.—In banking transactions, when operations are stopped as to a particular account and all subsequent operations are carried through on a new account—still referring, in part, to the same matter—the account is said to be "broken." An illustration may serve to make this matter quite clear. Suppose the account of a customer is guaranteed by a surety. The surety dies, and the banker desires to preserve his right of recourse against the estate of the deceased. Unless the customer's account is broken, all payments to the credit of the same go to release the surety, and all debits for a fresh unsecured advance. Hence the necessity for opening a new account, and the banker is entitled to do so if circumstances arise which make the necessity clear.

BROKER.—Members of the Stock Exchange are officially divided into two classes, brokers and jobbers. The jobber is a dealer—a middleman or merchant—in stocks or shares, and the broker is the agent in direct touch with the public, on whose behalf he carries out the various operations connected with Stock Exchange transactions. The regulations of the Stock Exchange do not permit the public to trade direct with the dealers in stocks and shares, consequently the individual desiring to do business on the Stock Exchange must make use of the intermediary of a broker, who acts as his agent, and is supposed to look solely after his interests. For an ordinary purchase or sale, the broker goes into the Stock Exchange, finds out one of the dealers or jobbers (the terms are synonymous) who makes a speciality of the particular security he is desirous of trading in, and endeavours to carry out the bargain in the best interests of his client. In such a case he enquires of the jobber the price at which he is prepared to deal, and in asking this he does not usually disclose whether his enquiry is made as a possible buyer or seller. The jobber, in reply, states a double price, e.g., 99½-100½, which means that he is prepared to purchase a certain amount of stock at the lower price or to sell at the higher price. Hereupon the broker, unless satisfied that the price named is the best possible under the circumstances, endeavours to bargain, and if not satisfied, may approach another jobber to see if he can get a better price, finally concluding the business. As the broker is all the time acting in the interests of his client, brokers and jobbers may, in a professional way, be regarded as representing conflicting interests, and thus is recognised by the Stock Exchange rule which prohibits partnerships between brokers and jobbers.

Although the principal work of a broker on behalf of his client is the purchase or sale of stocks and shares, his functions cover a good deal more than this. A client looks to his broker to advise him as to investments and to obtain information regarding any particular security; and although this is often done in a more or less perfunctory manner, it is recognised that it is one of the stock-broker's duties. Then he is supposed to carry through all the clerical work and to see to everything in connection with a transaction, from the

time of receipt of the client's order until such time as the certificate or bond is placed in the hands of his client or his client's bankers. It is his duty to prepare transfers, to have them registered, to collect the certificates, to see that any dividends or rights due to his client in connection with a transaction are paid over, and, in the case of speculative transactions, to "carry over" or continue bargains.

As remuneration for his services, the broker charges a commission upon all purchases or sales, and upon any carrying over which he does for clients. It is customary also for issuing houses and companies to pay brokers a commission, usually of $\frac{1}{2}$ per cent., but sometimes more in respect of allotments of new shares or stock made by them in respect of applications which bear the broker's stamp.

Members of the Stock Exchange are not permitted to advertise, and may, therefore, only approach actual clients and persons known to them, and, beyond an occasional circular letter covering a prospectus, with a recommendation to apply, the average broker does not approach his clients except in reply to their enquiries, beyond sending them a periodical list of prices supplied by one or other of a small number of printing firms, who furnish the various brokers with copies with the latter's name imprinted thereon. A few more enterprising brokers furnish their clients with special lists of recommendations, and a few watch over their client's securities and send them advice from time to time as to profitable exchanges.

The amount of clerical work that has to be carried on in a broker's office is much greater and more involved than at first sight appears from this brief description, for every Stock Exchange transaction is not perfectly straightforward and easy of accomplishment. Clients do not usually give *carte blanche* to their brokers in the matter of prices, but give instructions to buy or sell at a certain price, and as, in active securities, prices are liable to change from hour to hour, the instructions have often to be kept in mind for a considerable time. A client may give a limit: he may, for example, say that he is willing to sell his Union Pacifics if 190 is obtainable for them. On the receipt of this instruction, the best price at which the broker may be able to sell is 189, but later on in the day—or it may be weeks later—this limit suddenly becomes practicable, and he must have some means of not losing sight of instructions of this nature, which, moreover, it must be remembered, are liable to be countermanded at any moment by telegram. In Stock Exchange transactions rapidity of action is probably of greater importance than in any other branch of business; and what with letters, telegrams, and telephone messages, most of which have immediately to be transmitted from the broker's office to him or his representative in the "House"—as the Stock Exchange is familiarly termed—the life of the broker and his staff in active time is a busy one.

Although officially there is no distinction, the nature of the business performed by brokers differs somewhat. Some brokers do principally an investment business, that is to say, they effect purchases on a large scale of sound investment stocks on behalf of private capitalists, insurance companies, and other genuine investors. Other brokers go in more for speculative business, buying and selling and carrying over more speculative securities, such as American railroad shares, mining shares, etc., for

clients who are not purchasing for investment, but are buying for a quick rise in price or selling for a fall. (See **BULLS AND BEARS**.) Then, again, there are London stockbrokers whose business lies largely in carrying out the orders transmitted to them from provincial stockbrokers, with whom they are in direct telephone communication.

Although a broker is generally understood to be a person such as is described in the first part of this article, *i.e.*, a person connected with the Stock Exchange, the term is also applied to one who is a mercantile agent within the meaning of the Factors Act, 1889, *i.e.*, an agent who is employed to buy or to sell goods or merchandise for other people. His business is mainly to establish privity of contract between two parties. Unlike a factor, a broker is not entrusted with the possession of goods or merchandise, and cannot act or sue in his own name. Without possession there can, of course, be no lien (*q.v.*), but there is an exception in the case of an insurance broker, who is entitled to retain the insurance policy for the general balance due to him.

As a broker is an agent, he must act strictly within the scope of his authority, otherwise he loses all right to his remuneration or brokerage. He must use his skill in doing his work, and he cannot delegate his authority.

The usual mode of dealing is for the broker to make entries of the creditors and terms of the contract in his contract book, to sign the same, and to send particulars to both parties. (See **BROKERS' CONTRACT NOTES**.) From these notes the contract is defined. Of course, the broker is the agent of both parties to sign the contract in order to satisfy the statutory requirements of the Statute of Frauds (*q.v.*) and the Sale of Goods Act (*q.v.*)

BROKERAGE.—Brokerage is the commission charged by the broker for his services. Although for years there has been an agitation to have a fixed minimum scale of commissions chargeable by members of the London Stock Exchange, there appears to be considerable reluctance to carry this into effect. The result is that the brokerage charged by different firms of brokers varies. The following is a list of the typical commissions charged by a firm of stockbrokers—

SCALE OF COMMISSION.

SHARES.			
Under 10s.	..	..	1½d.
" £2 ..	..	..	3d.
" £5 ..	..	..	6d.
" £7 ..	..	..	9d.
" £12 ..	..	..	1s. 0d.
" £30 ..	..	..	1s. 6d.
Over £30 ..	..	..	1%
Rio Tintos under £100	..	..	2s. 0d.
" " or " ..	..	..	2s. 6d.
British and Foreign Funds	..	..	1%
Foreign and English Rails registered and Colonial Rails	..	..	1%
Colonial Bonds and Inscribed Stocks	..	..	1%
British Corporation Stocks other than registered	..	..	1%
British Corporation Stocks Registered	..	..	1%
Bearer and Registered Debentures	..	..	1%
American Shares under \$75	..	..	6d.
" " " \$100 ..	..	..	9d.
" " " \$150 ..	..	..	1s. 0d.
" " " over ..	..	..	1s. 6d.
American Bonds	..	..	1%

The commissions charged on some of the country Stock Exchanges vary considerably from those in vogue in London.

It is customary for brokers to charge half commission only on orders which reach them through the intermediary of other brokers, bankers, solicitors, etc., or to charge the full commission and to allow half to such intermediary.

By the Companies (Consolidation) Act, 1908 (Sec. 89), a company may apply its shares or capital in payment of brokerage or underwriting commission if the following conditions are complied with—

(1) The payment of the commission must be authorised by the articles.

(2) The commission paid or authorised to be paid must not exceed the rate specified in the articles.

(3) If the company is a public one (i.e., one which offers shares to the public for subscription), the commission must be disclosed in the prospectus.

(4) If the company does not offer shares to the public for subscription, the commission must be disclosed in the statement in lieu of prospectus, or in a statement in the prescribed form signed in like manner as a statement in lieu of prospectus, and filed with the registrar of companies; and where a circular or notice not being a prospectus, inviting subscription for shares is issued, the commission must be disclosed in that circular or notice. By such circular or notice is meant one issued to existing shareholders or debenture holders (Sec. 81, Sub-sec. 7, of the Act of 1908) (See also UNDER-WRITING.)

BROKERS' CONTRACT NOTES.—These are the documents signed by brokers and sent to their principals as soon as the contract is made. In the case of the sale of goods, the note sent to the buyer is called the "bought note," and that to the seller is the "sold note." These notes should, in all cases, be precisely the same, except that the word "bought" is used in one case and "sold" in the other.

BROKERS' ORDERS.—The indorsements of shipbrokers on receiving notes authorising certain goods to be brought alongside a ship in barges, and requesting the officer in charge of the vessel to take them on board.

BROKERS' RETURNS.—These are lists sent to shipbrokers, showing what are the goods which have been placed on board ship.

BROMINE.—The only liquid non-metallic element. It is closely allied to chlorine, and has an equally objectionable odour. It is red in colour and is very poisonous. Bromine is prepared from sea water, and is also found in certain springs, especially at Kreuznach and Kissingen, in Germany. It combines readily with all the elements, and has a special affinity for hydrogen. It is mainly used in the preparation of compounds which are valuable in photography, such as the bromide of silver, and in medicine, such as the bromide of potassium, which acts as a sedative. Bromine is also employed in the manufacture of coal-tar dyes.

BRONZE.—A general name for all alloys of copper and tin, including gun metal, bell metal, and speculum metal, as well as the bronze used for ornaments. The colour and properties vary according to the proportions of copper and tin. Bronze is much used in the arts and manufactures, and is particularly valuable for castings on account of its fine colour. Phosphor bronze contains about one-fifth per cent. of phosphorus, and is much harder and of greater tenacity than common bronze. It

is used for engineering works, telephone wires, etc.

BRONZE COINS.—These coins are issued by the Mint in three series: pennies, half-pennies, and farthings. The composition of bronze is 95 parts of copper, four parts of tin, and one part of zinc. Bronze coins were first issued in 1860, taking the place of the old copper coins, which had been circulated since 1672. Bronze coins are legal tender up to the amount of one shilling.

BROOM CORN.—A species of grass, resembling maize, cultivated principally in the United States for the sake of the tops of its stems and branches, which are made into brooms and whisks. The seeds supply a food for cattle.

BRUSHES.—The materials used in this widespread manufacture are very varied. Some are of animal origin. These include hogs' bristles (obtained from Russia and Poland); the hair of numerous animals, such as badgers' hair, which is used for graining and gilding; bears' fur, from which varnishing brushes are made; and camels' hair for artists' pencils, etc. Others are of vegetable origin, such as the fibre of the cane, the cocoanut, esparto grass, birch, heather, and rushes generally, from which the coarser sorts of brushes are manufactured. There are also brushes of steel and brass wire and even of spun glass for particular purposes. Brushes of all sorts are now generally produced by machinery. The backs and handles are made of all kinds of wood, ivory, tortoiseshell, and metals.

BRUSSELS SPROUTS.—Miniature cabbages, forming a hardy winter vegetable, mainly cultivated near Brussels. The United Kingdom imports large quantities.

BUCKET SHOP.—This is a slang term applied to certain firms and institutions which masquerade as stockbrokers, but are in reality nothing but gambling concerns. The term "bucket shop" should not be confounded with "outside broker," for, although the individuals running a bucket shop are outside brokers in the sense that they are not members of the Stock Exchange, there are numerous firms and companies carrying on the business of outside brokers, the *bona fides* of which cannot be doubted. The characteristic of the bucket shop is that its transactions are not genuine, that it recommends speculative purchases of certain securities—generally on margin, i.e., the purchaser deposits a certain sum to be held as cover, on the strength of which the bucket shop is supposed to buy a certain amount of stock or shares on behalf of its client—or it endeavours to sell people options, i.e., the right, on payment of so much per share, to buy or sell at a given date a number of shares at a fixed price. Instead of actually carrying out these transactions, the bucket shop plays against its clients, i.e., it keeps the cover and itself sells the options in the expectation—generally justified—that the course of prices will be such as to exhaust the cover or render the option of no value. All the circumstances—prominent among which is the fact that they generally sell at the top price, so that from the moment the transaction is opened, the operation shows a loss to the client, as he can only sell at the bottom price (see DOUBLE PRICES)—are in their favour. In other words, the individual who indulges in these speculations on cover or margin, and option transactions with bucket shops, is entering into a bet with them that the security he has chosen will rise (or fall, as the case may be), whilst they are betting him that it will not, although

ostensibly they are advising him to carry out the transactions in the belief that they will result in a profit to him. If, in spite of all the circumstances which are in their favour, the market goes against them, and an unexpected advance or fall occurs of so pronounced a nature that it more than makes up for the difference in price, etc., the bucket shop can always refuse to settle up, and, if threatened with legal proceedings, can usually escape by pleading the Gaming Act.

BUCKSKIN.—This name is given to a soft leather made of deerskin or sheepskin, and used for gloves; and also to a species of strong, twilled, woollen cloth with shorn pile used for trousersings.

BUCKWHEAT.—A species of *Polygonum*, largely grown on the Continent and in the United States, but only to a slight extent in England. It is mainly used as a food for cattle, horses, and poultry, but forms a food stuff in America. Beer is sometimes made from it, and the husks are useful as a packing material.

BUFFALO HORNS.—The black, heavy horns of the Indian buffalo, largely imported for making combs.

BUFF LEATHER.—Strong, durable, plant leather made from the salted and dried hides of South American oxen. It is prepared by a process of oiling, without the use of any tanning material, and owes its colour to being dipped in an infusion of oak bark. It is chiefly used in the manufacture of Army belts.

BUILDING CONTRACTS.—The subject of building contracts is of great importance, and, though it is extremely intricate, may be briefly summarised under the following heads—

(a) **Officials connected with the Contract.** The most important of these are architects, engineers, and quantity surveyors and clerks of works. It is the function of an architect or an engineer to advise the building owner as to the projected works, to prepare the necessary plans and conditions, and to supervise the execution of the works. It is difficult to distinguish exactly a civil engineer from an architect, but an architect is generally concerned with the erection of dwelling-houses, shops, offices, churches and similar structures, a civil engineer, with such works as bridges, docks, and embankments. Architects and engineers are general agents of the building owner to obtain tenders for and superintend the erection of the buildings or works on which they are employed. (See AGENCY.)

They have, however, no implied power to enter into or vary a written contract. They often have, in addition to their duties of advice and supervision, a quasi-judicial position, on account of a provision in the contract rendering them arbitrators between the parties.

Architects and engineers must exercise reasonable skill, and are responsible for negligence. Their contracts, however, are personal, that is, they are excused if severe illness or death prevents performance. They are personally liable for any torts (e.g., fraud or trespass) committed by them in the course of their employment. They are entitled (if their work is properly performed) to their agreed remuneration, or, in the absence of agreement, to fair and reasonable remuneration; and for this the architect or engineer must look to his employer, unless someone else has agreed to be responsible. The scale of the Institute of Architects is not binding on the building owner, unless he has expressly or tacitly agreed to it. Plans and specifications

belong to the building owner, and an alleged custom that the architect may retain them is of no validity.

The quantity surveyor takes out in detail the measurements and quantities for the purpose of enabling builders to calculate the amount for which they would execute the plans. This is a special branch of work, and is frequently undertaken by a person who does nothing else, and who is engaged by the architect. It appears probable that an architect has an implied authority to engage a quantity surveyor, at any rate, a ratification by the employer would be readily presumed, if he knew of the agreement and did not dissent from it. The building owner must then pay the reasonable charges of the quantity surveyor, unless the builder expressly contracts to pay them. The quantity surveyor must use due care, and is responsible to his employer for negligence.

The clerk of the works is chosen by the architect to superintend the work and see that the builder carries it out in accordance with the contract. He cannot authorise alterations in the works unless empowered by the architect or employer.

(b) **Tenders and Contracts.** When the plans are prepared, it is usual to invite tenders for the work. Such an invitation is a mere indication of a desire to bargain, so the sending in of a tender is not an acceptance, but an offer, which must be accepted by the building owner before a contract is formed. An acceptance of the tender binds both parties, even though it is intended to enter into some more formal contract, and for the purpose of gathering the true purport of the contract so formed, the tender and the invitation to tender must be read together, as being several documents relating and referring to one another. A building contract must be in writing in four cases—

(1) If it is for the sale of goods of the value of £10 or upwards (Sale of Goods Act, 1893).

(2) If it is for an interest in land (Statute of Frauds). This may be the case when it is comprised in a lease or agreement for a lease.

(3) If it embodies a suretyship clause (Statute of Frauds).

(4) If it is not to be performed within a year from the making thereof (Statute of Frauds). These last two cases are of frequent occurrence.

The contract must be under seal if it is with a corporation, whether public, as a town council, or private, as a limited company. There are exceptions to this rule if the contract is small and necessary and the corporation have taken the benefit of it, but it is unwise to rely on these exceptions. If the contract is with a limited company, it must be one within the scope of the memorandum of association. The builder's contract may sometimes be a personal one, e.g., if there is an express provision to that effect, or if the work is of a very special nature, but the builder may generally employ a sub-contractor to do the work. If the sub-contractor fails to perform it, the original contractor will, of course, be liable unless the building owner has assented to the substitution of the sub-contractor.

Unless the building contract contains an express provision to the contrary, the moneys payable under it may be assigned by the builder, either absolutely or by way of mortgage. Such assignment, however, is subject to all equities, that is, the building owner may avail himself against the assignee of all defences and sets-off which at the time of the assignment he had against the builder.

Unless the contract is a personal one, it is not terminated by the death of either party, and on the bankruptcy of either party it vests with all its rights and liabilities in his trustee in bankruptcy, who may, however, disclaim it if unprofitable, as provided by the Bankruptcy Acts. Due performance of the contract is often secured by a surety, and the contract must then, as above mentioned, be in writing. If the contract is so secured, the general law of suretyship must be observed, *e.g.*, the contract must not be varied in any material particular without the surety's consent, or the surety will be discharged. Finally, the contract must be carried out in such a way as not to cause any general or private nuisance; for the contractor will be held liable for any such; and so will the employer if the work is of such a character that a nuisance is likely to arise unless precautions are taken. But if it is of such a character that it can be lawfully done without risk of injury to others, and the employer parts with all control, he is not responsible.

(c) **Fulfillment of the Contract.** The contract must be completely fulfilled before the builder can recover anything, unless the incompleteness is due to the fault of the building owner or there is evidence of a substituted contract. Performance will be excused on the ground of illegality or destruction of something, the existence of which was the basis of the contract. Strict performance may also be held to have been waived by the employer allowing the work to proceed after breach of contract by the builder. Acceptance of the work is no bar to a subsequent claim by the employer for defects in it. The subject of defects is often dealt with by a special clause to the effect that the builder shall keep the building in repair a specified time after completion and also make good all defects discovered within a certain time. Payment is generally subject to approval of the work. If the approval is that of the employer, it must not be unreasonably withheld; but more frequently it is that of the architect, as expressed by his certificate. The architect often gives certificates from time to time as the work progresses (each certificate creating a debt from the employer to the builder), to conclude with a final certificate, which, if properly given, is conclusive as against the employer that the work has been properly performed. The contract also often contains a provision that "extras" (*i.e.*, all works not expressly or implicitly included in the original contract price) shall be paid for at the architect's valuation; ascertainment by the architect is a condition precedent to recovery of extras, and if there is no such provision, nothing can be recovered for extras, unless some express or implied contract can be proved in respect of them. The architect has no implied power to order extras.

(d) **Price and Damages.** If the contract is properly performed, the agreed price must be paid, and if no price has been agreed on, then a reasonable price. If the contract is not completed, damages must be paid by the party in default. The measure of them is, on the builder's default, the difference between the contract price of the work and the cost of making it conform to the contract, plus the loss of earning power of user during the period of delay in rebuilding or alteration; and on the employer's default, the builder's loss of profits. The contract must be completed within the time specified, or, if none, within a reasonable time. The time for completion will only

be deemed of the essence of the contract if it is so stated, so that non-completion by the specified day will not, in general, entitle the employer to repudiate. Damages are often fixed by agreement of the parties, and it then becomes a question for the court whether the sum agreed is to be construed as a penalty or as liquidated damages. Each case depends on the intention of the parties, and it can only be stated here as the general rule of construction that if the parties intend to secure performance by the imposition of a fine or penalty, then the sum is a penalty; but if their intention was to assess the damages for the breach of contract, then the sum is liquidated damages.

(e) **Vesting of Materials, Lien, and Forfeiture.** The property in materials passes by their being affixed to the employer's land, or it may pass by express agreement. The intention to vest the property in the employer must, however, be clear. Since the property in materials affixed to the land passes to the employer, the builder clearly cannot have a lien on any such, but he may have a lien on unfixed materials after the property in them has passed to the employer, and it seems that if such materials are on the employer's land he may have a lien on them for advances. The contract often contains a forfeiture clause to the effect that the builder shall forfeit certain rights and property in the events therein provided. Such a clause will be construed strictly, and the power must be exercised in an unqualified manner without undue delay. The forfeiture may, of course, be held to have been waived by the employer's conduct, *e.g.*, if he treats the contract as subsisting after the date when the right to seize occurs.

Arbitration and Award. The contract often contains a clause for the settlement of disputes by a third party, it is sometimes not easy to decide whether such party, *e.g.*, the architect, is to act as an arbitrator or a valuer. The difference is of practical importance, for, although a valuer occupies a quasi-judicial position and must act impartially, he is not bound to take evidence or hear the parties; and in the case of his death, valuation cannot take place and the contract cannot be enforced; while the court can appoint a fresh arbitrator to take the place of one who has died. It is the rule that an agreement to refer cannot oust the jurisdiction of the courts, but it may provide that no action shall be brought until a specified event, which may be the award of an arbitrator. Further, under Section 4 of the Arbitration Act, 1889, if any party to a submission commences legal proceedings, the court has a discretionary power to stay them. A submission to arbitration is irrevocable, except by leave of the court or a judge; and is deemed, if no other mode of reference is provided, to be to a single arbitrator. The award is final and binding on all parties, unless the arbitrator has misconducted himself or the arbitration or award has been improperly procured, when the court may set it aside.

The arbitrator may state an award in whole or in part in the form of a special case for the opinion of the court; and shall, if so directed by the court or a judge, state in the form of a special case for the opinion of the court any question of law arising in the case of the reference. (See ARBITRATION.)

BUILDING SOCIETIES.—A building society is an association formed for raising by subscriptions of its members a fund out of which advances may be made to members on mortgage of freehold, copyhold, or leasehold properties, the object being to assist the

Stamp
6d.

[FORM OF BUILDING CONTRACT.]

AN AGREEMENT made the 10th day of December 19.. between Jo Jones of 385 Portland Square in the County of London Gentleman (hereinafter called "the Owner") of the one part and Samuel Smith of 794 Surrey Street Strand in the County of London Builder and Contractor (hereinafter called "the Contractor") of the other part WHEREBY it is agreed as follows:—

1. The Contractor shall forthwith commence and before the expiration of two Calendar months from this date in all respect complete with the best materials in the best workmanlike manner and to the satisfaction of the Owner all the works and things mentioned or referred to in the particulars or specification hereunto annexed in and upon the house and premises therein mentioned.

2. The Contractor shall within one week from the completion of the said works and things remove all his scaffolding plant and materials from the premises.

• 3. The Owner shall pay to the Contractor the sum of £500 for the said works and things upon the completion thereof.

4. If from any cause whatsoever the said works and things shall not be completely finished and the said scaffolding plant

~~MATERIALS REMOVED WITHIN THE TIME AND IN THE MANNER AFORESAID~~
said then the Owner may deduct from any moneys then or thereafter due or payable to the Contractor the sum of £5 per day for every day after the expiration of two calendar months and one week from this date until such completion and removal shall be effected as and for liquidated damages and not by way of penalty.

5. In case there shall not be sufficient money due and payable to the Contractor to make such deduction then the excess shall be paid by the Contractor to the Owner.

6. In the event of such default the Owner may employ and pay other workmen to finish the said works and may use any scaffolding plant and materials on the premises belonging to the Contractor for such purpose and should the Owner pay or be liable to pay a larger sum for finishing such works than the amount he would be indebted for to the Contractor then the excess shall be paid to him by the Contractor.

7. The Owner may if he thinks fit require the omission of any of the works and in that case a proportionate sum shall be deducted.

8. All work rendered necessary in consequence of the doing of the work hereby agreed upon shall be deemed to be included in and to form part of this contract although not mentioned in the specification and no additional payment shall be made to the Contractor for the same.

9. No extra or additional work shall be done by the Contractor except upon the previous order in writing of the Owner agreeing to pay for the same and should the same be done without such order the Contractor shall not be entitled to any additional payment for the same.

10. The Contractor shall as well after as before he shall have been paid for the said works and things and without any further payment for a period of one year after completion make good any defects whatever in such works and things and especially in the roofs or drainage of the premises and the Owner may retain a sum not exceeding 15 per cent. of the total contract price hereinbefore agreed upon until the expiration of such period as a security for the performance by the Contractor of this stipulation.

11. In case any dispute or difference shall arise between the Owner and the Contractor either during the progress or after the determination of the works and things or after breach of this contract as to the construction thereof or as to any matter or thing arising thereunder then such dispute or difference shall be referred to the arbitration and final decision of two impartial persons one chosen by each party and the award of such arbitrators shall be final and binding on both parties. The submission shall be deemed to be a submission to arbitration within the meaning of the Arbitration Act 1889.

IN WITNESS whereof the said parties have hereunto set their
respective hands the day and year first above written.

Signed by the above named	}	
Joseph Jones and Samuel		JOSEPH JONES
Smith in the presence of me		SAMUEL SMITH

THOMAS FIELD,

185 Essex Street,

Strand,

W.C.

Solicitor.

(Here set out premises, specification, and plans.)

(N.B.—The above form is one of the simplest character. In all works of any magnitude or importance an architect will be appointed, and also, perhaps, a surveyor or foreman of works. The payment will generally be made by instalments, dependent upon the granting of a certificate by the architect, as the work progresses. Provision will be made as to the ownership of the materials brought upon the property. Insurance will also be arranged for. And, lastly, there will frequently be a strike clause inserted, indemnifying the Contractor from loss or damage under certain circumstances. These matters, however, are noticed in the text.)

members in obtaining a small landed property. Such societies may be either unincorporated or incorporated, and either terminating or permanent. Unincorporated societies were all formed before 1874, and are now so unimportant as to require no particular mention. Incorporated societies are those formed under the Building Societies Act, 1874, and it is to them that this article relates. The other division of societies is into terminating and permanent, a terminating society being one which is to terminate at a fixed date or when a result specified in its rules is attained, whereas a permanent society is one whose rules do not specify any fixed date or given result as the period for its termination. This division is mainly a business and financial one, the only legal difference between the two classes consisting in the limit of borrowing powers, the manner of investment of surplus funds, and the mode of dissolution. All societies must be registered with the registrar of friendly societies, who is also registrar of building societies. Any number of persons not less than three may apply for registration, their first task being the preparation of the rules. In this they must have regard to the Building Societies Acts, 1879 and 1894, which provide for various matters to be set forth in the rules. When application is made for registration, two copies of the proposed rules, signed by three members of the intended society and the secretary, must be transmitted to the registrar, who, if they conform to the Act, returns one copy to the secretary and registers the other copy. The society is to supply to any person a printed copy of the rules at a charge not exceeding 1s. The certificate of incorporation is *prima facie* evidence of registration, and the rules become binding on incorporation on all members and officers of the society. The registrar retains a supervision over the society after registration, e.g., alterations of rules until registered are of no validity.

Membership of building societies is not restricted to adults, for, if the rules permit, even a person under twenty-one may be admitted as a member, and may give all necessary acquittances, but until his majority he cannot vote or hold any office in the society. Such a person, moreover, cannot execute a valid mortgage to secure advances made to him by the society, such a mortgage being absolutely void, as against the infant under the Infants Relief Act, 1874.

Exactly what constitutes a "member" is not stated in the Acts; but a mere loan to the society does not make the lender a member, unless there is a rule to that effect, and the personal representative or trustee in bankruptcy of a member is not, as such, a member. The affairs of a society are usually managed by its officials, consisting of a board of directors or committee of management, a secretary or manager, and two or more auditors. Every officer having the receipt or charge of money belonging to the society must either be bound with one surety at least, in the form set out in the schedule to the Act of 1874, or give the security of a guarantee society or other satisfactory security for his honesty and the performance of his duties. A further difficulty is placed in the way of delinquents by the provision that any officer must on written demand give in his accounts and hand over moneys or securities of the society in his possession. If he does not comply, the society may either sue on the bond or apply to the county court for a summary order. Officials are subject to a criminal liability if they

misapply any effects of the society, the penalty being £20 on summary conviction, and, in default, three months' imprisonment. The offender may, if desired, be proceeded against by indictment in lieu of summary proceedings.

Although the general management of a society is in the hands of its officials, certain important matters are to be decided by a meeting of the whole society. Such a meeting may be "ordinary" (i.e., a meeting at which only ordinary business, such as sanctioning a dividend, or considering accounts, balance sheets, and ordinary directors' reports, can be transacted without special notice) or "special" (i.e., convened for some particular purpose, such as to change the name of the society). The rules must provide for the manner of calling either description of meeting, and the registrar may also call a special meeting in certain cases when requested by the prescribed number of members or on sufficient evidence of its necessity. The investment and borrowing of moneys by building societies are regulated by the Acts, which provide for their receiving deposits or loans from persons or companies. The total amounts so received and not repaid are not to exceed, in the case of a permanent society, two-thirds of the amount for the time being secured by mortgages from the members; and in the case of a terminating society, such two-thirds amount, or a sum not exceeding twelve months' subscriptions on the shares for the time being in force. These regulations must be printed in full on the back of every deposit book. Funds may be invested by being advanced to members. Such advances can only be made on mortgages of freehold, leasehold, or copyhold property; but as to surplus funds a wide range of investment is permitted. No English society, however, may make advances on second mortgage, unless the prior mortgage is in favour of the society. Mortgages to building societies have a limited exemption from stamp duty, but it is now of little practical importance, since it only applies to mortgages for less than £500 to unincorporated societies. Income tax is payable by a building society on so much of the payments of advanced members as represents interest, if the borrower has not deducted income tax on payment.

Rights and Liabilities of Members *inter se*. The liability of any member of any society in respect of any share on which no advance has been made is limited to the amount actually paid, or in arrear, on such share and in respect of any share on which an advance has been made, to the amount payable thereon under any mortgage or other security or under the rules of the society. Every member is entitled to receive from the society a copy of its annual accounts duly audited, and any ten members may apply to the registrar for the books of the society to be inspected by an actuary, the applicants giving security for costs and defraying the expenses of the inspection. It seems that shares in a building society are freely transferable, and they pass on a member's death to his personal representatives. If, however, a member or depositor, having in the hands of the society a sum not exceeding £50, dies intestate, the directors or committee may pay the amount to the person entitled under the Statute of Distributions, without letters of administration, provided they receive (1) satisfactory evidence of death; (2) a statutory declaration that the member or depositor died intestate, and that the claimant is entitled as aforesaid. If a

member who has mortgaged to the society dies intestate, leaving an infant heir or co-heiress, the society, after selling the property, may pay to the administrator or administratrix of the deceased any money, to the amount of £150, which still remains in their hands after paying the amount due and costs of sale, and it is not necessary for him to pay the money into court under the Trustee Act, 1893. Any investing member has the right to withdraw from the society and require the return of the amount he has paid on his shares. The terms on which the right of withdrawal may be exercised must be regulated by the rules, but the rules must not forbid withdrawal either expressly or in effect, though in terminable societies the right to withdraw may be withheld during the first few years of the society's existence. When a member has been paid out, his membership ceases, but if the notice of withdrawal has not expired, he remains a member, though not liable for any further contributions; and if a winding-up order is made while the notice is running, the notice is thereby annulled.

If the notice has expired, the member cannot compete with outside creditors, but is entitled as against the other members to payment in full in a winding up.

An advanced member and the society are subject to the general law of mortgagor and mortgagee. Such a mortgage is, as a rule, in a peculiar form, providing for payment of a number of monthly subscriptions which combine principal and interest, and also fines, etc., as set out in the rules. As long as these are kept up there is, as a rule, no right of sale or foreclosure by the society. All rules adopted since August 25th, 1894, must set out the manner in which advances are to be repaid, the deductions, if any, for fines, and the condition on which a borrower can redeem the property before the expiration of the period for which the advance was made, with tables, where applicable in the opinion of the registrar, showing the amount due from the borrower after each stipulated payment. On redemption, the society may re-convey the property by deed; or it may adopt the more usual course of indorsing on the mortgage a receipt under its seal, and counter-signed by its secretary or manager, in the form specified in the schedule to the Act of 1874. Such a receipt discharges the mortgage or further charge, and the debt, and effectually vests the property in the person for the time being entitled to the equity of redemption.

Settlement of Disputes. The rules must provide whether disputes between the society and any of its members, or any person claiming through a member or under the rules, shall be settled by reference to the county court or to the registrar or to arbitration. This provision only refers to disputes between the society and a member as such, and not, *e.g.*, to a dispute between a member and the society in respect of a mortgage by him. The decision of the arbitrator, registrar, or county court judge is absolutely final, though, he may, if he thinks fit, state a case for the opinion of the Supreme Court on any question of law.

Close of a Building Society. A building society may come to an end: (1) By termination, when the time for which it was formed has expired, or its objects have been attained. The mode of termination must be set forth in the rules.

(2) By dissolution in manner (if any) prescribed by the rules, which must be strictly followed.

(3) By an instrument of dissolution executed by three-quarters of the members holding not less than two-thirds of the number of the shares in the society. The instrument must set forth the details prescribed by the Act and must be registered, and is then binding on all members of the society.

(4) By award of the registrar if, after investigation of the society's affairs, he considers it unable to meet the claims of its members, and that it would be for their benefit that it should be dissolved.

(5) By winding-up under the Companies (Consolidation) Act, 1908. It does not appear that a mere voluntary winding-up is authorised, but the Act of 1894 provides that a society may be wound up either voluntarily under the supervision of the court or by the court, if the court so orders, on the petition of any member authorised by three-quarters of the members present at a general meeting of the society specially called for the purpose to present the same on behalf of the society, or on the petition of any judgment creditor for not less than £50, but not in any other case.

BULGARIA.—This State was created in 1878 by the Treaty of Berlin. Its territory was increased in 1885 by the addition of Eastern Roumelia, and in 1908 it became an independent kingdom. After vicissitudes caused by the Balkan Wars of 1912—13, the country sided with the Central Powers in the Great War which broke out in 1914. It became a republic in November, 1918, and its future government and control are not yet decided. At present Bulgaria is bounded in the north by Rumania, on the west by Serbia and Greece, on the east by the Black Sea, and on the south by the Turkish province of Adrianople and the Aegean Sea. There is no doubt that the Aegean coast-line will be lost, whatever else happens. Its area, as the country is at present constituted, is about 38,000 square miles, about one-third of the British Isles, and the population is a little over 4,300,000. (See APPENDIX for latest facts.)

Relief. Bulgaria consists of the northern slopes of the Balkans from the ridge to the Danube, into which the rivers of the country, which have carved out noble valleys, drain. Eastern Roumelia occupies the southern slopes of the Balkans, and comprises chiefly the upper basin of the Maritza. On these southern slopes of the Balkans there are great fields of roses, from which attar, or oil of roses, is made. In those parts where it is cultivated the soil is extremely productive, and the people of the country are mainly engaged in agriculture.

Productions. The chief industry of Bulgaria is stock-raising. More corn is grown than is required for home consumption. Large forests of valuable timber exist. Hemp and flax are largely grown, and form a valuable source of export. The manufactures are not extensive, but include woollen goods, morocco leather, and rifle barrels. Cigarettes are also largely manufactured for export, being made from home-grown tobacco. The exports consist of the articles mentioned above, and also of the produce of stock, such as hides, tallow, cheese, and eggs. The imports are made up of manufactured goods, chiefly textiles, machinery, metal goods, building materials, petroleum, coal, and paper.

Railway construction was rapidly increasing prior to the outbreak of the war in 1914, all lines being under the control of the State. Sofia is connected by rail with both Constantinople and Belgrade, and there is another line joining Rustchuk with Varna and Burgas.

Towns. *Sofia* is the capital, with a population of over 100,000.

Philippopolis is the chief town of Eastern Roumelia, and it is about half the size of *Sofia*.

Rustchuk, on the Danube, and *Varna* and *Burgas*, on the Black Sea, are the only other towns of any importance.

Mails were despatched from Great Britain before the war, thrice daily, and the line of transit to *Sofia*, which is 1,416 miles distant from London, was about three days.

For map, see *TURKEY*.

BULKING AND LOADING.—When consigning goods by rail, it is often possible to effect considerable economies by attention to bulking and loading of the consignments. By bulking is meant the sending in one lot of a number of small parcels addressed to different consignees in the same town. For example, a trader having to send four small parcels to the same town, may send them separately, paying carriage at the "smalls" scale; or he may bulk them to his order at the destination station, and give instructions that they are to be delivered to the individual consignees on arrival there. In the latter case, the carriage will be charged on the total gross weight of the four parcels, and the total rail charge will be a considerably reduced figure, to which is added a small charge of so much per parcel for the separate or "split" deliveries.

It need hardly be said that there must be a very small amount of extra clerical work involved in the proper working of the bulking system, or the savings effected will be absorbed. The sender of a number of different parcels, addressed to separate consignees, consigned together as one parcel, should take care to make it clear on the consignment note that the rail charge is to be calculated on the gross weight and split deliveries charged. It is advisable to use one consignment note for the whole consignment, bracketing together all the entries and adding a note: "To be bulked and delivered as separate parcels at the destination station."

It is impossible to lay it down as a rule for every case that it pays a consignor to forward all parcels of a certain weight together as one lot, because the result depends upon the weight, the rate, and the goods to be forwarded. Special examination alone will show when bulking does and when it does not pay, and according to the circumstances of the particular case must the matter be determined.

Some saving can also be made by bulking and loading heavy traffic consigned to the same station. An allowance is made by a railway company when consignments collected by or handed to it at one time and at one place are intended for one destination and loaded in one wagon. It is a condition that the traffic must be "collected by or handed to the railway company at one time and at one place," the object of this being to ensure that, as far as possible, all the traffic for the same place, and particularly for the same consignee or consignees, is loaded in one truck. Should a separate or special truck be required for any special kind of consignment or for any particular purpose, it is necessary that such separate or special truck should be ordered from the local goods agent in good time, certainly not less than forty-eight hours before it is required, and the purpose for which it is wanted should be clearly stated. (See *CONSIGNMENT OF GOODS BY RAIL*.)

BULL.—A Stock Exchange term. (See *BULLS AND BEARS*.)

BULLION.—Gold or silver in bars or in the mass. The word is also used when speaking of large quantities of gold and silver coins, especially when regarded by weight.

Bullion is said to have been originally the name of the office or mint where the metal was stamped into coins.

By the Bank Charter Act, 1844, Section 4: "All persons shall be entitled to demand from the Issue Department of the Bank of England Bank of England notes in exchange for gold bullion, at the rate of £3 17s. 9d. per ounce of standard gold; provided always that the said Governor and Company shall in all cases be entitled to require such gold bullion to be melted and assayed by persons approved by the said Governor and Company at the expense of the parties tendering such gold bullion." The bank notes can be immediately exchanged for sovereigns at the rate of £3 17s. 10½d. per ounce. The difference of 1½d. per ounce between gold bullion and gold coins represents the expenses incurred and loss of interest upon the bullion before it is turned into coins.

Under the Coinage Act of 1870, anyone has the right to take bar gold, if of sufficient fineness, to the Mint and have it coined, free of expense, at the rate of £3 17s. 10½d. per ounce of standard gold, provided that the value is not less than £20,000, but the owner of the gold bullion has to wait for payment until it is coined. Anyone requiring coins for gold bullion would take it to the Bank of England, where, as stated above, notes at the rate of £3 17s. 9d. per ounce will be given at once.

BULLION POINTS.—(See *SPECIE POINTS*.)

BULLS AND BEARS.—In Stock Exchange terminology the individual who buys a security in the expectation of its rising in price is a "bull," and the one who sells in expectation of the price falling is a "bear." The terms are generally applied in connection with speculative purchases or sales, *i.e.*, where an individual buys, not with the intention of taking delivery and paying for the shares, but of selling them immediately the price rises sufficiently to show him a suitable profit, he pocketing the difference. An individual might, for example, buy £5,000 of Midland Deferred Stock at 75 (*i.e.*, £75 per £100 of stock), not because he wished to hold this stock as an investment, but because he considered it likely to rise quickly in price. If within a few days the price rose to 78, he might sell at that figure, and on the following settling day would receive from his broker the difference between the two prices, *i.e.*, £150 on the whole transaction, less the broker's commission. Such a speculator would be a bull of Midland Deferred. If, by the time the settling day came, the price had fallen instead of having risen, the speculator in this case, having neither the money nor the intention of paying for the stock, could either sell at the lower price and cut his loss, paying the broker the difference, or he could carry over, *i.e.*, continue his purchase to the next settling day in the manner described under the heading of *CARRYING OVER*. On the other hand, another speculator might consider that Midland Deferred was more likely to fall in price than rise, and might sell a few thousand pounds of this stock, although he did not possess a single pound's worth of it. The individual making such a sale would be a bear of Midland Deferred and his position would be precisely the opposite to that of the bull. If by the time the settling day arrived he had

not been able to purchase at a less price than that at which he had sold, he would find himself under the obligation of delivering so much stock; this he might do by purchasing it at the enhanced price, which would involve a payment by him to his broker of the difference, or he also might carry over. To express the matter more succinctly, a bull is a speculator who buys something he does not intend to pay for, in the expectation that it will rise in price and that he will be able to sell at a profit; and a bear is a speculator who sells stock he has not got, in the anticipation that he can buy it at a lower price before he is compelled to deliver it.

BUNDER.—(See FOREIGN WEIGHTS AND MEASURES—HOLLAND.)

BUOY DUES.—The Trinity House claims certain dues from all ships entering ports where buoys are placed. These buoy dues are sometimes collected as a tonnage, varying from ½d. to 2d. per ton; sometimes as a payment on entering or leaving the port; and in some cases as a rate on the vessel, from a few pence to a few shillings. Many coasting vessels pay 5s. per annum, whatever number of voyages they make.

BURDEN or BURTHEN.—The carrying capacity of a vessel. Owing to peculiar build, etc., there is often a great difference between the registered tonnage of a vessel and the weight of goods which can be stowed on board.

BURDEN OF PROOF.—It is a general rule that when an action at law is commenced, the plaintiff must prove his case, i.e., he must adduce such evidence as will lead the court to arrive at the conclusion that his claim is justly founded. In legal language, the "burden of proof," or, to use its Latin equivalent, the *onus probandi*, rests upon him. There are, however, numerous exceptions to this rule, founded mainly upon *estoppel (q.v.)* or presumptions (*q.v.*). These are entirely matters of legal practice and procedure.

BUREAU DE CHANGE.—This, as the name implies, is an establishment where foreign moneys are exchanged. The exchange value of the currency of one country against currency of another varies from day to day, within certain narrow limits, determined by the cost of carriage and insurance of gold from one country to another and according to the demand. These rates are published in the daily newspapers. The smaller gold coins and silver currency are usually exchanged on less favourable terms than the ordinary gold unit, e.g., the sovereign, 20 mark piece, 20 franc piece. On the Continent the Bureau de Change is better recognised as constituting part of the ordinary business of a bank than in the United Kingdom, although of late years there has been an increasing tendency on the part of the large banks to include this business within their sphere of operations. Abroad, the Bureau de Change combines with its function of money changer that of buyer and seller of bonds and other Stock Exchange securities, which it exhibits in its windows, together with foreign bank notes and moneys.

BURGLARY.—This felony is constituted by the act of breaking and entering a dwelling-house with intent to commit a felony between the hours of 9 p.m. and 6 a.m. The place must be a dwelling-house, i.e., a building in which the occupier or his family are in the habit of residing and sleeping, although it is not essential that any person should be actually upon the premises at the time when

the offence is committed. If the place is not a dwelling-house, e.g., if it is a lock-up shop or a warehouse, the offence is not burglary but warehouse-breaking. There must be a breaking and an entering, but breaking is easily constituted by the doing of any act which shows the intention of overcoming any difficulties in the way of access. Entering alone, without breaking, is a substantive felony if there is an intent to commit a felony, but otherwise the entry is only a trespass. A burglar, on conviction, is liable to penal servitude for life—though such a punishment is extremely unlikely at the present time—and the other offences already indicated are punishable with less periods of penal servitude or imprisonment.

The breaking and entering with a felonious intent at any time other than the period between 9 p.m. and 6 a.m. constitutes the offence of housebreaking. This is punishable with penal servitude up to fourteen years.

BURGLARY INSURANCE.—This kind of insurance in its incidents and characteristics closely resembles fire insurance. It is a contract of indemnity to compensate the insured for any loss arising out of a burglarious entrance into a dwelling-house. It is useless to insure for an amount in excess of the value of the goods covered, but at the same time it is unwise to insure for a part only. If the latter course is adopted, either the insured will be called upon to pay a higher premium, or he will probably be subject to the average clause in case of loss. The proper course to adopt is to insure up to the total value, and it will be found in almost all cases that the policy covers not only the goods which are actually taken in case of burglary, but also all damage done by burglars during a visit. The amount of the premium is from 1s. 6d. to 2s. per cent. At a slight additional cost the risk can be made to cover larceny by servants, a very useful provision in large towns. Many companies are now issuing a species of combination policy to cover risks from fire, larceny, and burglary. This certainly saves much trouble and inconvenience if the policy is properly framed. The rate of premium for such a policy ranges from 3s. 6d. to 4s. per cent.

The policy may also be made to cover house-breaking, which must be distinguished from burglary (see the articles relating to each), and some offices also insure against the risk of murder by burglars or housebreakers on payment of a small additional premium. (See INSURANCE.)

BURIAL BOARD.—By a series of Acts passed between 1852 and 1900, provision has been made for the appointment of certain bodies, called burial boards, whose duty it is to see to the disposition of dead bodies. In urban districts the functions are generally performed by the district council. In other parts the burial board is a body elected by the parochial ratepayers and consists of from three to nine persons, one-third of them retiring annually. The constitution of a burial board is subject to the orders of the Privy Council, and it is their duty to provide necessary cemeteries, to close up cemeteries which are liable to be a cause of ill-health, and to do all other things which are properly necessary for the decent conduct of affairs. The expenses incurred are generally paid out of the poor rate, but where the duties are performed by the urban district council, they may be paid either out of the general district rate or out of a separate rate.

BURIALS.—Generally speaking, no burial can take place without the production of the certificate

of the registrar of births and deaths, or the order of the coroner. In the case of a still-born child, however, a certificate of a duly qualified medical practitioner is sufficient, if it is stated that the child was not born alive. It is also provided by law that if no medical practitioner is available, the certificate may be signed by any of the persons who are compelled by law to give notice of a death to the registrar. In some cases a coroner's order supplies the place of either of these.

In most cases of death, the registrar grants the certificate immediately, and he is not entitled to any fee or reward for giving the same. When an inquest is held, the coroner grants his order at the conclusion of the inquiry, or, if the inquiry is prolonged, an order may be issued at an earlier date. In the case of children who have been insured, so as to provide the necessary funds for their interment, there is a special procedure, particulars of which are obtainable from the registrar. Any person who attempts to act without a certificate or an order renders himself liable to severe penalties.

The executors of a deceased person are primarily responsible for seeing to the burial of his body. They must use their discretion as to the carrying out of the interment, considering the nature of the estate left behind. The expenses are, of course, taken out of the property of the deceased. If there are no executors, or if they are not available, it is the duty of the tenant of any house in which a death has occurred to arrange that the body is decently buried, but should there be any doubt as to the estate left by the deceased, or if he is, in fact, a pauper, the guardians or overseers of the district should be informed, and they must conduct the burial at the expense of the parish. The guardians or overseers of a parish must likewise see to the burial of bodies cast up in their parish by the sea or found in rivers within their district. Any person who finds a dead body cast up by the sea or lying in a river must give notice of the fact to a police constable within six hours. He is then entitled to a reward of 5s.

By a series of Acts of Parliament, the exclusive burial in a churchyard has been very materially altered. In large towns and various populous places, burial grounds have been provided, and these are controlled by burial boards (*qv*). In urban districts the functions of a burial board are usually performed by the district council. In other places the burial board is an elected body. The duty of the board is to take charge of and manage the burial grounds, subject to the control of the Local Government Board. It is to such a board, or its officials, that application must be made when a burial is to take place within its grounds. As the burial grounds are divided into consecrated and unconsecrated parts, there is no occasion for the religious differences which have caused difficulties at various times in country places where there is no burial ground except the parish churchyard.

By an Act passed in 1880, it became permissible for the bodies of deceased persons to be buried in churchyards without the accompanying Burial Service of the Church of England. In order that this may be done, *e.g.*, in the case of the burial of a person who was not a member of the Church of England, a notice must be served upon the rector, vicar, or other incumbent, or in his absence, on the officiating minister of the parish, that the burial is to take place. The notice is to be given by any relative, friend, or the legal representative having

charge of or being responsible for the burial. By the Act of 1880, the notice required was one of forty-eight hours, but an amending Act of 1900 has directed that the length of time of notice may be such as the local burial authority directs. It is to be observed that such a burial, unless it is otherwise mutually arranged, cannot take place except between the hours of 10 a.m. and 6 p.m. from April 1st to October 1st, and between the hours of 10 a.m. and 3 p.m. from October 1st to April 1st. Moreover, no such burial may take place in a churchyard on a Sunday, Good Friday, or Christmas Day, if it is objected to in writing by the person to whom the notice is given. In the absence of the Church of England Burial Service, there is no necessity that any religious service should be held at all, but everything must be conducted in a decent and orderly manner.

The notice referred to in the preceding paragraph must clearly set out all the particulars which can be supplied as to the person who is giving the notice, the name and description of the deceased, the proposed time of the burial, and the place of burial. There is no prescribed form which it is absolutely necessary to make use of, but care should be taken not to omit anything from the notice which can conceivably be put into it. Even over-cautious length is better than precarious brevity.

The fees payable to the various officials are set out in a special table, which table is prepared by the burial authority and sanctioned by the Local Government Board. This table should be carefully inspected in order to avoid any disputes.

It is always advisable, if it is possible, to employ an undertaker to carry out the whole of the arrangements with respect to a funeral. As being an experienced man, he will be able to prevent any difficulties which might otherwise arise through non-compliance with the requirements of the law as to burials. In order to enable him to do his work expeditiously and efficiently, the undertaker should be supplied with the best particulars possible at the earliest moment and then be left to superintend the whole of the details himself.

Every baptised Christian is entitled to be buried in consecrated ground, unless he has laid "violent hands upon himself." A verdict of *felo de se* by a coroner's jury subjected a suicide to a barbarous method of burial until the passing of the Interment Act, 1882. Now, however, the burial of a person who has committed suicide, even though a verdict of *felo de se* is found in his case, may take place in consecrated ground, but no clergyman can be compelled to read the Burial Service. Notice of the intention to bury in consecrated ground must be given to the rector, vicar, or incumbent of the parish at least forty-eight hours before the time fixed for the burial.

No body of a deceased person may be cremated unless written instructions have been left by him to that effect, or unless such person has during his or her lifetime expressed a wish to be cremated. And it was always a misdemeanour for any person to cause a dead body to be burned if by so doing a nuisance was created, or there was an intention of preventing an inquest being held. Before cremation can take place, the certificate of the registrar, or its equivalent, must be obtained just as in the case of ordinary burials. An Act was passed in 1902—the Cremation Act—by which powers were granted to burial authorities to provide and to maintain crematoria for the purpose of burning

remains instead of burying them. Special rules are laid down as to their situation. Thus, no crematorium may be constructed within 200 yards of a dwelling-house without the written consent of the owner, lessee, or occupier of the same, nor within 50 yards of a public highway, nor in the consecrated portion of a burial ground. By the same Act the Local Government Board is empowered to make special regulations as to cremation and also as to the disposal of the ashes of the body, by interment or otherwise. It is to be noticed that the rector, vicar, or incumbent of any parish or other minister in charge, is under no obligation to perform a funeral service at a cremation, but he may do so if permission has been first obtained from the bishop of the diocese.

By the law of England there is no such thing as property in the dead body of a person. A testator cannot, therefore, legally make a disposition of his remains by will or otherwise. The custody and possession of the body are in the executors, if any, until the time of burial, and if there is no executor the other persons who are responsible for the burial occupy the same position.

It has been already mentioned that the executors are responsible for the burial of a deceased person, that the expense incurred in carrying out this duty is payable out of the estate of the deceased, and that the guardians or overseers must provide for the cost of the burial of a pauper out of the rates. Also, if the burial has been conducted by any person other than the executor, such person can recover the cost out of the deceased's estate as a first charge. Between these extremes there are the cases to be considered where the deceased has died possessed of no assets, and where the parish has not intervened. Then it is the person who has arranged for the burial who is liable for the cost of the same, having taken upon himself the responsibility which he might have avoided if he had chosen to do so. A husband is liable for the necessary expenses incurred in burying his wife, whether she was or was not living with him at the time of her decease, and a parent is similarly liable for the cost of the burial of his children. If a servant dies in the house of the person in whose employment he or she has been, and is possessed of no means, the employer will be responsible for the cost of the funeral if he gives orders for the same. He can, of course, avoid his legal responsibility by throwing the burden of burying the deceased servant upon the parish authorities.

BUSHEL.—A measure of capacity used for grain, fruit, and other dry goods. The imperial bushel measures 2218·2 cub. in., and contains 80 lbs., or 10 gallons of water.

BUSINESS, COMMENCEMENT OF.—(See COMMENCEMENT OF BUSINESS)

BUSINESS, HOW TO BUY A.—When the great Napoleon contemptuously dubbed us a nation of shopkeepers he was not very wide of the mark; and whether the fact is attributable to instinct or to any other cause, it is quite evident that a large percentage of our nation have at some time or another a consuming desire to "go into business." This desire does not in many instances spring from a previous experience of business, rather the reverse, the result being that numbers of people buy businesses of one kind or another who are entirely ignorant of the bare elementary principles of business, and without being in the least degree fitted for such a career. It follows, therefore, that there

are many sore disappointments, and that money so invested, representing often the savings of years, very quickly vanishes. A few general instructions as to the cardinal points to observe in buying a business are outlined here, and a study of them will be found profitable by all who contemplate such a venture. Broadly speaking, a business may be purchased through two channels: First, by private treaty; secondly, through a business transfer agent. As to the former method, little need be said, except to remark that the parties, who may be brought into contact either by introduction or from advertisements, usually arrange all the preliminaries as to price for stock, fixtures, goodwill, etc. Sometimes, however, a valuer is called in to decide the purchase price of the stock when mutual arrangements cannot be concluded.

Business Transfer Agents. The great majority of people who contemplate buying a business, however, come into contact with one of the business transfer agents whose announcements are found in many local newspapers and in the trade journals. Whilst the methods of the great majority of those whose profession it is to buy and sell businesses for others are absolutely beyond reproach, there are, however, a few whose reputation is by no means savoury. With this latter class the main object is to sell a business and earn their commission, and the means adopted to do this are often very much open to criticism. The soundest advice that can be offered to intending purchasers is to negotiate only with an agent of known repute, when they can depend upon the information supplied regarding any business to be of a trustworthy nature. Of course, even the most reputable agents cannot be expected to guarantee that all the concerns they offer for sale will bring the purchasers a satisfactory return for their outlay. The real reason that most businesses are sold is that they are not sufficiently remunerative, but even this fact does not necessarily mean that the concerns are worthless. All depends upon circumstances, for one individual will make a comfortable living and save money out of a business that has been an abject failure under less competent management. Once a man has given out his desire to buy a business he will have no lack of offers of sale, but it is well not to be too hasty in the matter, for many of the concerns offered will be worthless, and in every case full investigation must be made into likely ones. The charge for an agent's services vary somewhat, but a commission of 5 per cent. on the price realised up to about £300 and 2½ per cent. after is the average charge. In some cases a preliminary fee of £1 ls. is charged for registration and to cover advertising expenses, whilst in others out-of-pocket expenses are charged separately, and invariably the percentage covers the agent's fee for valuing when this is done. All these charges are exacted from the vendor, the purchaser being usually mulcted in no costs (except where he engages a separate valuer) beyond a half share of the solicitor's charge for drafting the agreement. As the agent then represents the vendor, it is only to be expected that he will do his utmost for his client (and for himself), so that in his own interests a buyer should seek expert advice.

Agreement. Negotiations for purchase of a business should on no account be completed without a properly drawn-up agreement. This agreement, which should clearly state terms of purchase, embody a radius clause, and have attached a

schedule of fixtures, fittings, etc., taken over, is rightly the work of a solicitor, and after the draft has been duly approved, both parties should have a copy, signed, witnessed, and stamped.

Examination of Business. Although it may be taken for granted that nobody would buy a business without instituting certain essential inquiries, it is to be feared that in many instances the prospective buyer does not investigate as rigidly as should be done, with the result that his expectations are not always realised. Briefly, the information that should be ascertained is as follows—

Trade: Amount; precisely how business is done, i.e., in shop, travelling, etc., Cash, or Credit, or proportion of each; Book Debts, etc.

Expenses: Rent, Rates, Taxes, Lighting, etc.; Wages; Sundries.

Stock: Amount; Relation to Turnover.

Trade. Taking these points in order, it will be appreciated that it is important to know not only the amount of trade claimed to be done, but whether it be all cash, or partly cash and partly credit. If the latter, then the proportion of each must be ascertained and the condition of the book debts carefully looked into. The question of credit is a very difficult one to deal with, and whilst in certain classes of trade credit is inevitable, it is quite certain that much money is lost by small traders owing to their readiness to supply goods without payment rather than lose business. Generally speaking, however, the small trader is better advised to confine his business to cash only, that is, unless credit be specially catered for and the attendant risks covered by the extra gross profit made. It is also important to learn whether the trade is all done over the counter, or partly by travelling or canvassing.

Expenses. There will be little difficulty about ascertaining these, even where no books are kept. In passing, it may be remarked that it is the custom of most traders who live on their business to regard the entire rent, rates, and lighting as a business expense, which they are certainly not. The utmost proportion that can fairly be charged against a business is two-thirds, which is the amount admitted by the income tax authorities. Then the relation that the total expenses bear to the volume of trade must be carefully considered. It must be remembered that rent, rates, and taxes are practically fixed charges that must be met, however bad trade may be; whilst lighting, wages, and sundry expenses, although they may fluctuate according to various circumstances, have an unhappy knack of increasing if not carefully watched. In general observations such as the present, it is impossible to lay down a hard-and-fast rule to the effect that the expenses of a business should not exceed a definite percentage, for so much depends upon the style and class of trade and upon individual circumstances. If, however, the prospective buyer reviews the position somewhat on the following lines, it will quickly be apparent whether a business is worth entertaining. Suppose the trade is £20 per week and the average gross profit made 20 per cent. or 4s. in the £, making £4 weekly. From this must be deducted the expenses, say, rent, £25, rates, £8 10s.; lighting, insurance, etc., £10; wages and sundries, £30—in all, £73 10s. per year, or approximately £1 8s. per week. This leaves a net profit of £2 12s., from which all household and personal expenses have to be paid. The question, then, is: Does this £2 12s. (or nearly £140 per year) represent an adequate return on the capital invested.

Of course, it must be clearly understood that the figures quoted are quite hypothetical, and are merely given as illustrating the point.

Stock. In businesses other than those dealing in consumable goods, the amount and condition of the stock is all important to a new proprietor. The more general practice is for the stock to be taken over at valuation, the value being assessed either by one individual acting as between buyer and seller, or by both parties having their own representatives. Where, as sometimes occurs, there is a large quantity of defective or unsaleable stock, the purchaser should refuse to take this for several reasons. In the first place, the beginner cannot afford to lock up capital in unsound goods, even if they are bought cheaply; and, again, the reputation of any business will suffer if unreliable goods are palmed off on the public. Remember that if a customer's confidence is lost through any cause, it is most difficult to regain. Further, a buyer should not cripple himself financially by taking over a stock too heavy for the needs of the business. Also, heavy stock soon leads to bad stock, and bad stock to loss of trade, and later on to loss of capital.

Possibilities of the Business. Although a business under one management may do very indifferently, there are often possibilities of much better results under more capable ownership, and this fact should not be overlooked when examination is being made. Frequently it happens that the value of a concern consists almost entirely in the scope offered for development. Locality, nature and extent of opposition should all be studied, with a view to discovering what are the chances of increasing the trade.

Books of the Business. It must be admitted right away that the book keeping of the average small retailer is of a very elementary nature, although it is quite certain that a knowledge of his position is as valuable to the small man as it is to his large competitors. Probably the reason for this neglect to keep (or to have kept) proper accounts is that the trader does not himself understand figures and is loth to allow an outsider to learn the confidential details of his business. The marvel is not so much that some traders do not make much money, but rather that their businesses exist at all, when the loose manner in which purely commercial matters are attended to is considered. It stands to reason that a business with properly kept books is a much better property to sell than one with ill-kept or no books. This fact alone should be sufficient inducement for every trader to record his transactions systematically, or not to begrudge a fee to some qualified man to do the work for him. For a small business doing a cash trade, three books will suffice: A purchase day book to record the invoices of goods bought; a cash book to show the receipts and payments; and a ledger in which the entries made in the other books are classified. Where goods are sold on credit, a sales day book is necessary, and a separate ledger is also advisable, although not absolutely necessary. By the keeping of these books, the trader can readily ascertain whether his trading has resulted in a profit or a loss, and what is the surplus of assets over liabilities. Where it happens that the trader himself is not qualified to keep a proper record of his transactions, it cannot be too strongly and too frequently urged that some competent person should be employed to do the work. There are many capable book-keepers only too glad to undertake such jobs for a very

moderate fee, whilst to the trader money so expended is well spent.

Representations.—It is a matter of comparative simplicity to verify the representations made as to turnover, expenses, etc., where adequate books have been kept; but where, as more frequently occurs, this side of the business has been neglected, verification is much more difficult. Although under the latter conditions very little information can be absolutely proved, still an expert can in various ways ascertain such essential particulars as will show substantially whether or not a business is what it is claimed to be. Where from any cause good evidence is not forthcoming that a concern is sound the intending purchaser is well advised to relinquish the negotiations and look further afield. If a business is really genuine, the vendor will seldom demur at a full investigation; and it is a decidedly suspicious circumstance if difficulties are placed in the way of an inquirer.

Misrepresentation. A certain class of individuals will not stick at trifles in order to sell a poor business, and the information they furnish is sometimes given without any very great regard to veracity. Of course, to misrepresent essential facts deliberately gives rise to a right of action at law, or even to criminal proceedings; but it is one very difficult to bring home to the satisfaction of a court of law, for those individuals who are unscrupulous enough to use such methods are almost invariably shrewd enough to leave behind scanty tangible evidence; and even if a good case can be established the redress to be obtained by resorting to legal proceedings is very uncertain. The moral of this is, then, that any concern that will not bear strict investigation should be left severely alone.

Radius Clause. Cases have occurred where, after the sale of a business has been completed, the vendor has opened another shop close at hand in direct opposition to that just disposed of, a proceeding that speaks little for the commercial morality of the individual. As a preventative measure, a purchaser should insist upon the insertion of a reasonable radius clause in the agreement. The clause, however, must not be too far-reaching or no court will uphold it should action be taken, but a reasonable clause will always be held binding. Such a clause will be found in the form of AGREEMENT set out at page 54.

The advice tendered to all prospective purchasers of businesses may be briefly summed in the following terms—

Before buying: Investigate.

After buying: Keep proper books

If these instructions are acted upon there will be little risk of buying a bad business and good prospects of making the one bought pay well.

BUSINESS NAMES, REGISTRATION OF.—For many years past it has been considered in certain quarters that there should be some means of identifying the members of a firm when trading is carried on under a fictitious name, but it was not until the question of registration became so important during the Great War that the matter was taken seriously in hand. Owing to the presence of aliens in the kingdom and for other reasons, an Act was passed in 1916, the Registration of Businesses Names Act, which will, in all probability, be permanent. By Section 1 of the Act it is provided: "(a) Every firm having a place of business

in the United Kingdom and carrying on business under a business name which does not consist of the true surnames of all partners who are individuals and the corporate names of all partners who are corporations without any addition other than the true Christian names of individual partners or initials of such Christian names; (b) Every individual having a place of business in the United Kingdom and carrying on business under a business name which does not consist of his true surname without any addition other than his true Christian names or the initials thereof, (c) Every individual or firm having a place of business in the United Kingdom who, as a member of which, has either before or after the passing of this Act changed his name, except in the case of a woman in consequence of marriage, shall be registered in the manner directed by this Act." There is a proviso in this section, which excepts from the necessity of registration those names where (1) the addition of the name merely indicates that the business is carried on in succession to a former owner of the business; (2) two or more individual partners have the same surname and the addition of the letter s is used at the end of its name; (3) the business is carried on by a trustee in bankruptcy or a receiver of manager appointed by any court, and (4) a purchase or acquisition of property by two or more persons as joint tenants or tenants in common is not of itself to be deemed to be carrying on a business whether or not the owners share any profits arising from its sale thereof.

The particulars as to registration, and the forms connected therewith, will be supplied on application of the registrars for the three parts of the United Kingdom, whose addresses are 39 Russell Square, W.C., Exchequer Chambers, Parliament Square, Edinburgh; and Coleraine House, Dublin respectively. The fee for registration is 5s., and is denoted by a special stamp.

The publication of the facts connected with the matters contemplated by the Act, namely, the giving of publicity to the real names of the persons carrying on the business, is provided for by Section 18. This is as follows: "After the expiration of three months from the passing of this Act (the 22nd December, 1916), every individual and firm required by this Act to be registered, shall, in all trade catalogues, trade circulars, showcards, and business letters, on or in which the business name appears, and which are issued or sent by the individual or firm to any person to any part of His Majesty's Dominions, have mentioned in legible characters (a) in the case of an individual, his present Christian name or the initials thereof and present surname, any former Christian name or surname, his nationality if not British, and if his nationality is not his nationality of origin, his nationality of origin, and (b) in the case of a firm, the present Christian name and the initials thereof and present surnames, or former Christian names and surnames, and the nationality if not British, and if the nationality is not the nationality of origin, the nationality of origin of all the partners in the firm, or, in the case of a corporation being a partner, the corporate name. If default is made in compliance with this section the individual, or, as the case may be, every member of the firm is liable on summary conviction for each offence to a fine not exceeding five pounds. To prevent any abuse in proceeding under the Act, it is specially provided that no action may be

instituted in England or in Ireland except by or with the consent of the Board of Trade

In order to prevent any evasion of the provisions of the Act by subterfuge or otherwise, it is directed that changes in the particulars as to which registration is required must be notified to the registrar within fourteen days of the change being effected

There are several other minor provisions of the Act which will require consideration; but the main point for the business man is the consideration of whether he is a person, or if it is a firm whether the firm is one, whose registration is necessary. That can easily be gathered from the foregoing remarks, and the necessary inquiries on registration will leave no doubt as to every step that need be taken, and the fees that have to be paid in connection therewith

In the section dealing with the interpretation of terms, it is sufficient to note that a "business" includes a profession, that "Christian name" includes any forename, that "business name" means the name or style under which any business is carried on whether in partnership or otherwise, and that "foreign firm" means any firm, individual, or corporation whose principal place of business is situate outside His Majesty's Dominions

BUTTER.—The fat obtained from cream by churning, though it may be prepared directly from the whole milk. The chief principles of butter are stearine, margarine, and olein, together with small portions of casein, and butyric and caproic acids, the last-mentioned giving the peculiar aroma and taste. The colour depends on the feeding of the cow supplying the milk, but is sometimes supplied artificially by the addition of annatto. Butter quickly becomes rancid unless it is salted, and the salting is best done by adding a mixture of nitre, sugar, and salt. Water is frequently added to increase the weight, and adulteration by means of lard, flour, or potato starch is common. Tremendous quantities of butter are imported into England from France, Denmark, Holland, the United States, and Ireland

BUTTER AND MARGARINE.—These substances, with regard to their manufacture, handling, and sale, are subject to more stringent provisions than food and drugs generally, such provisions being contained in the Food and Drugs Acts, 1875-1907, and particularly in the Margarine Act, 1887, and the Butter and Margarine Act, 1907. The substances thereby affected are butter, margarine, and milk-blended butter, each of these substances being defined by the Acts.

Registration and Inspection of Factories. Any factory for the manufacture of either of these substances must be registered with the local authority, and a register must be kept showing the quantity and destination of each consignment of margarine or milk-blended butter sent out. Such register is open to inspection by the officer of the Board of Agriculture and the local authority. The Board of Agriculture may give special powers of search to any of their officers if they have reason to suspect a contravention of the Acts. The Acts forbid premises to be used as a butter factory if they communicate with premises used for the manufacture of margarine, margarine cheese, or milk-blended butter.

Composition. Butter and margarine must not contain more than 16 per cent. of water, and if there is any excess in a sample of butter it is presumed (until the contrary is proved) not to be genuine.

In the case of both butter and margarine, if there is any excess over 16 per cent., the occupier of the factory (whether the excess is due to adulteration or not) is guilty of an offence under the Act, unless he proves that the substance was not made, blended, re-worked, or treated in the factory. Milk-blended butter must not contain more than 24 per cent. of moisture, and any person who has such in his possession for sale is guilty of an offence under the Act. Margarine must not contain more than 10 per cent. of butter fat. If any substance intended to be used for the adulteration of butter is found in any butter factory, the occupier is guilty of an offence, and any oil or fat capable of being so used is deemed to be intended to be so used unless the contrary is proved

Marking. Every package of margarine, margarine cheese, or milk-blended butter must be branded or duly marked with its appropriate name on the top, bottom, and sides in printed capital letters not less than $\frac{1}{4}$ in square (such heading or marking to be on the package itself and not solely on a label attached thereto), and if such substances are exposed for sale by retail there must be attached to each parcel thereof so exposed as to be clearly visible to the purchaser, a label marked with the name of the substance in printed capital letters not less than $\frac{1}{4}$ in square, and every person selling such substance by retail save in a package duly branded or duly marked as aforesaid, must in every case deliver the same to the purchaser in a paper wrapper on which the name of the substance must be printed in capital block letters not less than $\frac{1}{4}$ an inch long and distinctly legible, and no other printed matter is to appear on the wrapper

It has been held that the substance is not exposed for sale if kept in a back room or otherwise completely concealed, but that it is not taken out of the scope of the Section by merely being covered with a wrapper and, therefore, not exposed to view. The Section does not apply to sales of such substances for consumption on the premises, e.g., margarine spread on slices of bread in a restaurant.

Restrictions on Importation. Substances contravening the Acts may not be imported, and penalties are imposed for unlawful importation

Burden of Proof. The obligations imposed by the Act are either absolute, and do not depend on any criminal intention of the defendant, or else, if the facts are proved, a presumption is raised against him, involving his conviction unless he can prove his innocence. (See BURDEN OF PROOF)

BUTTERINE.—A mixture of animal fats sold as a substitute for butter. It is chiefly imported from Holland, but since 1887 it has been a punishable offence to sell it except under the names of margarine or oleo-margarine

BUTTERMILK.—The liquid that drains away from the butter in the churn. It has a slightly acid taste, and, although practically devoid of fat, is a very nutritious and digestive beverage. It is popular in the country districts of England, but more so in Scotland and Ireland.

BUTTONS.—Buttons are made from a variety of materials and by various processes. Some are turned, as in the case of those made from ivory, wood, and bone; some are moulded, and some are stamped. Metal, celluloid, pearl, ebonite, glass, porcelain, and jet are among the materials used for making these useful fastenings. The chief seats of manufacture are Birmingham, Paris, Lyons, &

Vienna, New York, and Philadelphia; but prior to 1914 German competition was seriously affecting the manufacture in other parts of the world.

BUTYRIC ETHER.—A general name for compounds formed by the action of butyric acid on alcohols. The commercial article is often made of butter mixed with potash, dissolved in alcohol, and afterwards distilled with sulphuric acid. Butyric ether has a pineapple flavour, and is sold as pineapple oil. It is largely used by confectioners and by perfumers, and also in the preparation of pineapple ale.

BUYERS OVER.—This is a general market term, signifying that there are buyers, but no sellers, *i.e.*, more buyers than sellers.

BUYING IN.—A Stock Exchange term. When a broker sells stock or shares for a client for delivery on a certain date (which, unless expressly otherwise stipulated, is invariably for the following settling day) the rules of the Stock Exchange allow him ten days within which he has to deliver the stock or shares, the reason for these days of grace being that so many formalities are necessary before a transfer of registered stock can be ready for delivery, that some such period of grace is desirable. If, however, by that time he is not in a position to deliver the stock or shares he has sold, the buyer is entitled to insist upon the stock or shares being "bought in." This is done through an official department of the Stock Exchange, which purchases the securities on the open market, any loss resulting having to be borne by the seller who is at fault. Some such procedure as this is obviously necessary, otherwise bear operations would be unduly facilitated.

BY-LAWS.—By-laws are rules and regulations made by public corporations or private bodies or societies for the good government of all the individuals concerned. The by-laws of public corporations, such as the London County Council, derive their authority from Acts of Parliament, so also do the by-laws of railway companies, which are great trading corporations established by statute. On the other hand, the by-laws of a cricket club are only binding on the members of the club and their guests, and can be enforced by the committee of the club acting on behalf of all the members. The by-laws of a cricket club will be upheld in a court of law, if they are found to be just, reasonable, and, therefore, framed for the benefit of all the members of the club and their guests. By-laws which are founded on statute law will always be enforced by the King's Courts, for they derive their authority from the statute out of which they have sprung.

The meaning of the word "by" is town or township, and it may still be discovered in the names of places, such as Whitby, so that the term "by-laws" meant originally those rules which were made for the good government of the township.

The by-laws which will be described in this article are those which derive their authority from statute law. In making by-laws, some general principles are followed: The by-law must not go beyond the law; it must not be contrary to law; it must be reasonable; it must be framed for the public good; it cannot be enforced in some cases until a Secretary of State has agreed to it and has put the seal of his department upon it. The breaking of a by-law involves a certain penalty upon the person who breaks it.

In the year 1503 Parliament interfered with private corporations who were making by-laws to the public detriment. The statute declares that

"no Masters, Wardens, and Fellowships of Crafts or Mysteries, nor any Rulers of Guilds or Fraternities take upon them to make any Acts or Ordinances in Disinheritance or Diminution of the Prerogative of the King, nor against the Common Profit of the People." In 1845 the Companies Clauses Consolidation Act was passed; its object was to make more uniform the rules which govern joint stock companies. Section 124 of this statute will well illustrate the scope and object of a by-law—

"It shall be lawful for the company, from time to time, to make such by-laws as they think fit, for the purpose of regulating the conduct of the officers and servants of the company, and for providing for the due management of the affairs of the company in all respects whatsoever, and from time to time to alter or repeal any such by-laws, and make others, provided such by-laws be not repugnant to the laws of that part of the United Kingdom where the same are to have effect, or to the provisions of this or the special Act; and such by-laws shall be reduced into writing, and shall have affixed thereto the common seal of the company; and a copy of such by-laws shall be given to every officer and servant of the company affected thereby."

By-laws had a further extension by the Railways Clauses Consolidation Act, 1845; Section 109 gives power to the railway company to make by-laws, to repeal or alter them, to put them into writing, and seal them with the common seal. Penalties are imposed if the by-laws are broken. The by-laws must be painted on boards, or printed on paper and pasted on boards, and put up in a conspicuous part of every wharf or station belonging to the company. It will not be necessary to refer in detail to the by-laws which regulate fairs, markets, harbours, docks, piers, and town police; various statutes contain sections referring to these subjects. The reader's attention must rather be directed to the by-laws which public authorities are authorised to make.

The great Act for consolidating and amending the Acts relating to public health in England was passed in 1875 (This important Act has been extended in various particulars by numerous amending Acts, especially with respect to the prevention of diseases, and the powers of making by-laws have been increased under these new Acts.) It empowers every local authority to make by-laws to regulate common lodging-houses. Every urban authority may make by-laws with respect to the making of streets, the structure of walls, foundations, roofs, and chimneys of buildings, air space, drainage, and sanitation of buildings; also an urban authority may make by-laws for licensing horses and boats for hire. The by-laws of a local authority, that is to say, of a county council, a town council, an urban district council, or a rural district council, must be sealed with their common seal; such by-laws may be altered or repealed; they must not be repugnant to the laws of England. The fine for each offence against the by-law must not exceed £5. By-laws made under the Public Health Act shall not take effect until they have been submitted to and confirmed by the Local Government Board. Public notice must be given by the local authority that such confirmation is about to be sought. The ratepayers of the district concerned have the right to inspect the proposed by-laws at the offices of the local authority. A

printed copy of the by-laws, when sanctioned, must be hung up in the office of the local authority.

In 1882 the Municipal Corporations Act of England and Wales was passed, and it empowers a city council or a town council to make by-laws as may seem meet for the good government of the borough. Two-thirds of the total number of the councillors must be present; a copy of the proposed by-laws must be affixed to the door of the town hall for forty days; a sealed copy must be sent to the Secretary of State, and if the King, on the advice of his Privy Council, disallows the proposed by-law, it cannot be put into force. If, on the other hand, such by-law is passed by the Privy Council, it then has, in itself, the force of law. The production of a copy of the by-laws, sealed with the seal of the corporation, will be accepted in the King's Courts as evidence of the existence of such by-laws. By the Local Government Act of 1888, a county council shall have the same powers of making by-laws in relation to their county as are granted to the council of a borough under the Municipal Corporations Act of 1882.

The list of public authorities who may make by-laws is by no means exhausted, power is given to Commissioners, who are appointed from time to time, to undertake certain public duties, to make by-laws. By-laws are also framed under the following Acts to suit the needs of each particular circumstance: The Factory and Workshop Act, 1891, and the Public Libraries Act, 1901.

By-laws are made by local authorities on a great variety of subjects, such as the general prevention of nuisances and general good government. Only a few of the matters can be mentioned: Lights on vehicles, objectionable noises, whether caused by man, by animals, or by machinery; bad language, roundabouts; spitting; street betting; weights and measures; recreation grounds; highways; speed of vehicles, allotment grounds; bathing in seas and rivers, baths and wash-houses; dairies; omnibuses, tramways, and a host of other subjects which fall under the head of good government. The following is an example of a by-law: "No person shall sound or play upon any musical or noisy instrument, or sing in any public place or highway within 50 yards of any dwelling-house, after being required by any constable, or by an inmate of such house personally, to desist."

It will be obvious that the power conferred upon authorities to frame by-laws may easily be abused unless there is the utmost vigilance exercised by those persons who would, in ordinary circumstances, be bound by them. A statutory power must be strictly complied with, and any attempt to go beyond the power accorded will be certain, sooner or later, to be questioned and the by-law will be declared of no effect. Anything that is outside the area of the rights and powers granted by a particular statute is said to be *ultra vires*. So long as a by-law exists it must be obeyed, but if it is declared to be *ultra vires* then any act done under it is illegal and of no effect.

CAB]**C****[CAB**

C.—This letter occurs in the following commercial abbreviations—

C.,	County.
C/-,	Coupon or Currency
C A ,	Credit Account
C. a/c, C/A,	Current Account.
C/A,	Capital Account
C B ,	County Bill
C/B,	Cash Book
C C ,	Cash Credit
C C ,	Country Cheque
C C ,	Country Clearing
C D ,	Cum (with) Dividend
C/d ,	Carried down
C/l ,	Carried forward
C H ,	Clearing House
C N ,	Credit Note
C O ,	Cash Order.
C & F ,	Cost and Freight
C F I , C I F	Cost, Freight, and Insurance
C O D ,	Cash on Delivery.
C P ,	Charter Party.
C l ,	(Lat), <i>confer</i> , compare
Cg ,	Centigramme
Cha ,	Chain
Chq ,	Cheque.
Ch ,	Cheque
Cl ,	Centilitre
Cm ,	Centimetre.
Com ,	Commission
Cp ,	Compare.
Cr.,	Credit, Creditor.
Cum D ,	With Dividend.
Cur , Curt ,	Current

CABBAGE.—This vegetable is native to Great Britain, and is cultivated in nearly all temperate regions. One variety or another is always in season. "It is an agreeable, but not a nutritious, food, as it contains about 90 per cent of water. The savoy, cauliflower, Brussels sprouts, and broccoli are the best known species. For pickling purposes, red cabbage is used; and in Germany a salted variety, known as "Sauerkraut," is very popular.

CABLE.—This word has now a variety of applications. Originally it was applied only to a strong rope or a chain of iron links chiefly used to hold a ship to her anchor. Rope cables are made of the best hemp, but they have been largely displaced by wire rope, which consists of galvanised wire twisted round a hempen core. Chain cables are made of oval welded links of wrought iron, fitted with cross-pieces, known as studs, to prevent the sides being drawn together. All chain cables must be tested before use. As a nautical measure, a cable is equal to 100 fathoms or one-tenth of a nautical mile.

The term "cable" is also applied to the insulated tyres of metallic conductors used for conveying electric currents for telegraphic, telephonic, power, and lighting purposes. Such cables are of three types: (1) subterranean, (2) submarine, and

(3) aerial. All three types are in general use for telegraphic and telephonic purposes, but it is very rare to find the last two in use for power and lighting purposes.

The conductors or cores of a cable consist generally of copper wire. In the cases of aerial and subterranean cables used for telegraphic and telephonic purposes the core consists of a single wire, but since the sectional areas of the conductors required to carry the heavy currents necessary for power and lighting purposes are generally considerable, the cores in aerial and subterranean cables employed for the latter purposes are always made up by stranding a number of conductors of ordinary gauges to make up the sectional area of the conductor to that required in any particular case. The cores of submarine cables (for whatever purpose required) also always consist of stranded conductors in order that the necessary flexibility may be secured in the cable to facilitate its being easily coiled in the cable-tank on board ship and subsequently being readily paid out when being laid.

At one time india-rubber and gutta-percha were invariably used as the insulating materials or dielectric on the cores of electric cables. At the present day, although gutta-percha continues to be used as the insulator in the case of submarine cables and vulcanised rubber is still employed as the insulating material in conductors used for internal wiring in connection with electric lighting, paper now almost exclusively forms the dielectric in the case of main and subsidiary cables employed both for telegraphic and telephonic purposes, as well as of those used for carrying the heavy currents required for power and lighting purposes. The cables used for telegraphic or telephonic purposes are of the "dry core" type, the paper in these cases being made from absolutely pure Manila fibre, which is untreated and wound loosely round the conductors. In the case of cables employed for power and lighting purposes the paper is wound tightly round the conductors, and is impregnated with light creosote.

In the case of subterranean cables the insulating material is protected by a cylindrical envelope of lead which forms an outside covering to it, in the case of submarine cables the protection is provided by a covering of well-tanned Russian hemp and a sheathing of iron wires, in the case of aerial cables by means of a cylindrical envelope of vulcanised india-rubber and an outer covering of ozocerited tape.

Aerial cables are not strong enough to support their own weight and have in consequence to be carried by suspenders attached to a steel wire suspension cable carried on poles or derricks.

Finally, the word "cable" is used both for the action of sending a submarine telegram, and, instead of cablegram, for the message itself.

CABLES AND CABLEGRAMS.—The transmission of telegrams by cable is subject to International

Service Regulations. The most important of the rules and regulations are the following—

1. **Manner of Writing and Acceptance of Telegrams.** The contents of telegrams, apart from the address and signature, may be composed of plain language, or of secret language (the latter divided into code or cipher). Each language may be used separately or conjointly with the others in the same telegram. Some countries do not admit telegrams in secret language.

2. Telegrams in plain language must present a clear meaning in any one or several of the languages admitted for telegraphic correspondence. The insertion of registered addresses, commercial marks, exchange quotations, commercial signs, and maritime signals does not alter the character of a plain language telegram.

3. Code language is that which is composed of words not forming intelligible phrases in one or more of the languages authorised for telegraphic correspondence in plain language. Words in code language may be (1) real, (2) artificial. They must, in either case, be formed of syllables of pronunciation, according to the current usage of one of the following languages: German, English, Spanish, French, Dutch, Italian, Portuguese, or Latin.

Combinations not fulfilling this condition are considered as cipher, and counted at five letters to the word. Combinations formed by the union of two or more words in plain language, contrary to the usage of the language, are not admitted.

Words in code language must not in other case contain more than ten letters (the combinations *a*, *aa*, *ao*, *o*, *ue* being counted as two letters each).

The combination "ch" is counted as two letters in artificial words. Artificial words must not contain the accented letters *a*, *ä*, *é*, *ñ*, *o*, *u*.

4. Cipher language in telegrams is formed of—

(1) Arabic figures having a secret meaning whether single, grouped, or in series.

(2) Letters having a secret meaning, whether single, grouped, or in series, but the accented letters *a*, *ä*, *é*, *ñ*, *o*, *u* are not admitted.

(3) Words, names, expressions, or combinations of letters not fulfilling the conditions of pars 2 and 3.

The mixture in the same group of figures and letters having a secret meaning is prohibited. This rule does not apply to groups forming commercial marks, exchange quotations, commercial signs, or analogous expressions (mentioned in par 2), which are not held to have a secret meaning.

5. The following conventional signs are counted as one word each—

D	= Urgent.
RPx	= Reply paid x (words)
RPDx	= Reply paid urgent x (words)
T C	= Collated telegram
P C	= Telegram with telegraphic acknowledgment of receipt
P C D.	= Telegram with urgent telegraphic acknowledgment of receipt
FS	= To follow
Post	= To be forwarded by post from terminal telegraph station
PR	= Post registered
Express	= To be forwarded by express from terminal telegraph station.
XP	= Express paid.
XPx	= Express paid x (francs).
XPT	= Express paid, telegraph.

XPP = Express paid, letter.

OPEN = To be delivered open.

MP = To be delivered to receiver personally

DAY = Telegram to be delivered during day-time

NIGHT = Telegram to be delivered at night-time

TELEPHONE = Telegram to be delivered by telephone

TR = Télégraphique restante.

GP = Poste restante.

GPR = Poste restante registered.

T M x = Multiple telegram x addresses.

CTA = Communicate all addresses.

The telegram to be transmitted must be legibly written in characters which have their equivalents in the official table of telegraph signals. These characters are as follows—

Letters

A B C D E F G H I J K L M N O P Q R S T U
V W X Y Z

À Á Â Ã Ä Å Æ Ç È É

Figures

1 2 3 4 5 6 7 8 9 0

Signs of Punctuation, etc

Full stop (.), comma (,), semicolon (;), colon (:), note of interrogation (?), note of exclamation (!), hyphen or dash (- -), parentheses (), apostrophe ('), inverted commas (" "), bar of division (/), underline (—).

Every interlineation, reference, erasure, or alteration must be authenticated by the sender or his representative.

6. The different parts forming a telegram must be written in the following order—

- (1) Special instructions (pars 5 and 7).
- (2) Address.
- (3) Text.
- (4) Signature.

7. Any instructions the sender may have to give as to the delivery at destination, prepayment of reply, acknowledgment of receipt, repetition (collationnement), extra copies, etc., should be written immediately before the address of the telegram, and are charged for. These indications may be written in the abbreviated form adopted for official instructions, as given in par 5.

8. The address of a telegram must consist of at least two words, the first designating the addressee, and the second the name of the telegraph office of destination, which must be written as it appears in the first column of the official nomenclature of offices. These words are counted and charged for as part of the telegram. The consequences of an incomplete or incorrect address must be borne by the sender. When the name of the terminal office has not yet been published in the official list of offices, the sender must complete the address by the name of the country or of the territorial subdivision, or by any other information which he considers sufficient for the forwarding of his telegram, which is only accepted at his risk.

The companies will, at most of their own stations and free of charge, accord to the receivers of telegrams the privilege of having their telegrams addressed to them in a preconcerted or abbreviated form, if application is made to the station where it is desired to register such address, and if the conditions laid down by the companies for such arrangements have previously been complied with. An address may thus be given in two words, as?

"Fallot, London." Only one address, however, can be allowed for each correspondent. When a telegram is addressed to a person, care of another, the address must contain immediately after the designation of the real addressee one of the indications "Chez," "Care of," or some other equivalent.

In all cases where it is desired to register a code address, a suitable word should be chosen after consultation with the receiving office.

At places where the companies do not deliver telegrams to the public, the application for registration must be made to the local telegraph authorities, some of whom make a charge for such registration. Abbreviated addresses are registered in Australasia, exclusively by the Government telegraph authorities, who make a charge.

These registrations apply, however, only to telegrams received at the station where the registration is effected, and not to telegrams forwarded from such station. Registration must in every case be effected at the receiving station.

Telegrams addressed to a re-transmission agency, organised for the purpose of evading the payment of the full conventional charges fixed for the through transmission of telegrams, are not accepted.

9. Telegrams without text are admitted.

The sender or his representative must sign the telegram at the foot of the telegraph form, adding his address if required, but the name and address of the sender is only charged for if transmitted.

The sender of a private telegram must prove his identity when requested to do so by the office of origin. The sender may have his signature legalised, and include such legalisation in his telegram. The words required for this purpose must be paid for.

10. Rectifying Telegrams. The sender or addressee of a telegram or their authorised representative may cause enquiry to be made or instructions to be given in respect of such telegram on payment of the cost of the telegram formulating the request, and of any reply required to the same. They may also have the whole or part of the telegram repeated for the purpose of rectification. When the repetition is asked for by the addressee, the latter must pay the regulation charge for each word to be repeated (minimum 1 *fc.*) which charge includes the cost of the reply.

Telegrams requesting the repetition, rectification, completion, cancellation, etc., must be exchanged as paid service advices between the telegraph offices concerned, and not between the sender and addressee; the requests for the same must be made within the period of time allowed for the preservation of the records.

The text of the reply to a paid service advice includes the name of the addressee, followed by the communication to be addressed to him.

The charges paid for these classes of telegrams are only refunded when they have been necessitated by errors of the telegraph service.

In case some of the words repeated are shown to have been correctly transmitted, the cost of the words employed to obtain the repetition of the same will be retained.

No refund will be made when the mutilation has been caused by the message being sent over a telephone or private wire, or when the repetition is addressed direct instead of by means of an official service telegram.

No refund of the charge for the original telegram will be allowed.

11. Counting and Charging. All telegrams are charged for according to a tariff per word.

All that the sender writes on the telegram form for transmission is charged for.

At the special request of the sender, signs of punctuation, apostrophes, and hyphens are transmitted; but in that case charged for. When signs of punctuation, instead of being employed singly, are repeated one after the other, they are charged for as groups of figures.

The name of the office of origin, and the date and time deposited will be officially inserted in the telegram, and supplied to the addressee free of charge. Telegrams from North America, via the North Atlantic cables, bear the London time, the original time not being signalled by the North Atlantic companies.

12. Combinations or alterations of words in plain language, whether spelt forwards or backwards, according to the usage of the language, are not admitted.

Nevertheless, names of towns and countries; patronymics belonging to one person; names of places, squares, boulevards, streets, and other names of public thoroughfares; names of ships; whole numbers, fractions, decimal or fractional numbers written entirely in letters; and English and French compound words (to be found in a standard dictionary) may be respectively grouped as one word each, without apostrophe or hyphen, and are counted as one word if so written, subject to the limitation in pars 13 and 14.

If a short charge has been made on a telegram owing to the sender having employed words, or unauthorised combinations, contrary to the usage of one of the languages, the amount short charged may be collected from the addressee or from the sender. The telegram will only be delivered on the payment of such short charge.

The following are counted as one word each in all languages—

(1) In the address (not in the text of the telegram)—

(a) The name of the telegraph office of destination, written as it appears in the first column of the official nomenclature of offices and completed, if necessary, by the instructions which also appear in this column.

(In the case of radio-telegrams, the name of the ship will be counted in every case, and independently of its length, as one word.)

(b) The names of territorial sub-divisions or countries respectively, if written in conformity with the said nomenclature or of their alternative names as given in the preface.

(2) Every separate character, letter, or figure, as well as every sign of punctuation, apostrophe, or hyphen, transmitted at the request of the sender.

(3) Underline.

(4) Parentheses (the two signs which serve to form it).

(5) Inverted commas (the two signs placed at the commencement and end of one and the same passage).

(6) Supplementary instructions written in the abridged form mentioned in par 5.

When the different parts of each of the expressions charged for as one word and indicating—

(1) The office of destination,

(2) The territorial sub-division,

(3) The country of destination,

are not written as one word, the counter clerk joins them up.

13. Plain Language. In telegrams, the text of

which is written entirely in plain language, each ordinary word and each authorised combination is counted at the rate of one word for each fifteen letters, plus one word for the excess, if any

Words joined by a hyphen or separated by an apostrophe are counted as so many separate words.

14. **Code Language.** In code language the maximum length of a word is fixed at ten letters, counted according to par 3. Words in plain language inserted in the text of a mixed telegram (*i.e.*, composed of both plain language and code) are each counted at the rate of ten letters to a word. If the mixed telegram contains, in addition, passages in cipher language, the counting of such passages is regulated by par 15. The address and signature in code telegrams are counted in accordance with the rules for plain language (par 13).

If the telegram is only composed of passages in plain language and of passages in cipher, those in plain are counted according to par 13, and those in cipher according to par 15.

15. **Cipher Language.** Groups of figures or letters, as well as commercial marks composed of figures and letters, are counted at the rate of one word for each five figures or letters plus one word for any excess. Each of the combinations *a*, *aa*, *ao*, *av*, *ue*, and *ch* is counted as two letters.

Decimal points, commas, colons, dashes, bars of division, and stops, used in the formation of numbers or commercial marks, are each counted as a figure, or a letter in the group in which they occur. The same rule applies to letters added to figures to form ordinal numbers, and also to letters of figures added to the number of a house in an address, even if such address is in the text or signature of a telegram.

Code words and combinations of pronounceable letters containing more than ten letters (if inadvertently admitted) and words not belonging to any of the languages admitted for international correspondence are charged for at the rate of five letters to the word.

The letters "f o b" (meaning "free on board"), "c.i.f." ("cost insurance freight"), and "c.a.f." ("coût assurance fret"), "s.v.p." ("s'il vous plaît") or any other analogous expression in general use, up to five letters, are accepted as one word each, if written together. If written separately, as "F O B," "C I F," and "C A F," etc., they are counted as three words each.

	Number of Words	
	In Address	In Text
1 New York	1	2
New York	1	1
1 Frankfurt Main ..	1	2
Frankfurtmain ..	1	1
1 Sanct Poelten ..	1	2
Sanctpoelten ..	1	1
1 New South Wales ..	1	3
Newsouthwales ..	1	1
XP 2 50 (conventional signs, see § 5)	1	—

1 In the address these different expressions are grouped by the counter clerk

The words "twopence," "threepence," up to "elevenpence," if written together, are charged for as one word. In a code or mixed telegram, however, the word "elevenpence" is charged as two words, as it contains over ten letters; in a cipher telegram it counts as one word only.

16. The tables on this page are examples for counting and charging telegrams

	Number of Words
Van de Brande	3
Vandebrande (name of a person) ..	1
Du Bois	2
Dubois (name of a person) ..	1
Belgrave Square	2
Belgravesquare (contrary to the usage of the language) ..	2
Hyde Park	2
Hydepark (contrary to the usage of the language) ..	2
Hydepark Square	2
Hydeparksquare (contrary to the usage of the language) ..	2
Saint James Street	3
Sanjames Street	2
Rue de la Paix	4
Rue delapaix	2
Responsabilité (14 characters) ..	1
Kriegsgeschichten (15 characters) ..	1
Inconstitutionnalité (20 characters) ..	2
Wie Geht's (instead of wie geht es) ..	3
A-t-il	3
C'est-à-dire	4
Aujourd'hui	2
Aujourdhui	1
Porte-monnaie	2
Portemonnaie	1
Prince of Wales (ship)	3
Prince-of-Wales (ship)	1
§ 8 (4 characters)	1
44½ (5 " ")	2
444½ (6 " ")	1
444 5 (5 " ")	1
444 55 (6 " ")	2
44/2 (4 " ")	1
44/ (3 " ")	1
2% (4 " ")	1
2 p. " "	3
2 5/100 (5 " ")	1
2 p. 5/100	3
54.58 (5 " ")	1
17 ^{me} (4 " ")	1
Le 1529 ^{me} (1 word and a group of 6 characters)	3
10 francs 50 centimes (or) 10 fr. 50 ..	4
10 fr. 50	3
fr. 10 50	2
Dixcinquante	1
11 ^h 30	3
11 30	1
huit/10	2
5/douzièmes	2
May/August	3
5 bis (number of dwelling-house) ..	1
30 ^a	3
15 x 6	4
Two hundred and thirty four ..	5

	Number of Words.
Two hundred and thirty four (23 characters)	2
Trois dixièmes	1
Unneuf dixièmes	1
Deux mille cent quatre-vingt-quatorze ..	6
Deux mille cent quatre-vingt-quatorze ..	3
E	1
Emvthf (6 characters)	2
Emvchf (6)	2
G H F (commercial mark or secret language), one group of 3 characters ..	1
G.H.F. (commercial mark or secret language); one group of 6 characters ..	2
AP/M (commercial mark or secret language); one group of 4 characters ..	1
197a/199a (commercial mark), one group of 9 characters	2
G.H.F. (without final stop) (commercial mark or secret language); one group of 5 characters	1
G H F 45 (commercial mark); one group of 5 characters	1
G.H.F. 45 (commercial mark); one group of 8 characters	2
3/M (commercial mark; one group of 3 characters)	1
E M (separate letters, initials of names)	2
E M (initials of two names, unauthorised combination)	2
L'affaire est urgente partir sans retard (7 words and 2 underlines)	9
Reçu de vos nouvelles indirectes (assez mauvaises) télégraphiez directement (9 words and 1 passage between parentheses)	10

17. Payment of Charges. Telegrams are, as regards the application of charges and of certain service regulations, subject either to the European *régime* or to the extra-European *régime*.

The European *régime* comprises all the countries of Europe, as well as Algiers, Tunis, Tripoli, Russia in Caucasus, Turkey in Asia, Azores, Canaries, Sénégal, and the coast of Morocco.

The extra-European *régime* comprises all the countries not included in the preceding paragraph.

A telegram is subject to the regulations of the European *régime* when it passes exclusively over the lines of countries belonging to that *régime*. In all other cases it is subject to the regulations of the extra-European *régime*.

18. All charges must be prepaid, except those for supplementary services or special conveyance beyond the telegraph office of destination, which are, in some instances, collected from the addressee. A receipt will be given, free of charge, for every telegram handed in at any of the telegraph company's stations.

A receipt can also be obtained for any telegram handed in at any Government telegraph station, for which a small charge is sometimes made.

19. Short charges and charges due from the addressee, which are not recovered from him, are to be paid by the sender.

Charges erroneously collected in excess are returned. A formal claim, however, must be made when stamps have been used in excess.

20. Routing of Telegrams. The sender of a telegram who wishes to prescribe the route to be followed must insert the necessary instructions on his copy.

When a telegram can be transmitted by several routes belonging exclusively to one administration, the latter is at liberty to send telegrams over its system by the route it considers best in the interest of the sender, who cannot in such a case specially request the use of one of such routes.

21. Stoppage of Telegrams. Any sender or his authorised representative can, by proving his identity, stop, if in time, the transmission of a telegram deposited by him. If the telegram has been despatched it may be cancelled by paid service advice.

22. The telegraph administrations reserve to themselves the power to stop the transmission of any private telegram which may appear dangerous to the security of the State, or which may be contrary to the laws of the country, or to public order or decency. When such power is exercised, the sender is advised thereof.

23 Delivery at Destination. Telegrams are delivered, according to their address, at the residence of the addressee, at the Post Office (Poste restante), or at the telegraph office (télégraphe restante), and, in the latter case, they are only delivered, on application, to the addressee or to a person duly appointed by him. Telegrams to be sent on by post are handed by the telegraph office of destination to the Post office for transmission as ordinary or registered letters, according to the instructions prepared by the sender.

Telegrams marked "Jour" (day) are not delivered during the night. Those received during the night need not be delivered immediately, unless they bear the indication "Nuit" (night), or unless the delivery office is in a position to recognise that they appear to be really urgent.

24 A telegram taken to a place of residence may be delivered to the addressee, an adult member of his family, to any person in his service, his lodgers or guests, or to the porter of the hotel or house, unless the addressee or sender has given special instructions to the contrary.

If the door is not opened at the address given, or if the messenger finds no one who will consent to take in the telegram on behalf of the addressee, a notice is left at the address given; and the telegram is brought back to the telegraph office to be delivered to the addressee or his representative upon application from either.

When a telegram cannot be delivered, the delivery office advises the sending office of the cause of non-delivery, which advice, if practicable, is communicated to the sender. The latter can complete, rectify, or confirm the address by a paid service telegram (= S T =) only.

When a telegram, with a charge to be collected, addressed "Poste Restante" or "Télégraphe Restante" has not been called for by the addressee, the advice of non-delivery is sent by post at the expiration of the period for retaining such correspondence.

25 Urgent Telegrams. Some Governments (the names of which can be obtained on making inquiry) accept urgent telegrams, which take precedence of other private telegrams, and are charged for at triple

rates. The companies also accept urgent telegrams from and to countries which admit of such class of correspondence. The paid instruction "Urgent" or = D = must be inserted by the sender before the address.

[N B.—Pr or to the outbreak of the Great War in 1914, there was a growing disposition to allow of urgent telegrams being sent in all the more advanced nations of the world. It remains to be seen how matters will work out in 1920 and succeeding years.]

26. Prepaid Replies. The sender may prepay a reply to his telegram.

The words "Reply Paid—" or = R P = must be written before the address and paid for, the sender must state the number of words he wishes to prepay, for instance, "reply paid twenty" or = R P 20 =, the first instruction counting as three and the latter as one word.

The sender may also prepay an urgent reply to his telegram in countries where urgent telegrams are accepted; in this case he must write before the address the instruction "Reply paid; urgent x" or = R P D x = and pay the corresponding amount, viz., triple the ordinary rate.

27. The amount prepaid by the sender may be used in payment of a telegram, by the addressee, during a period of forty-two clear days.

Should such reply or telegram contain more words than have been prepaid, the excess must be paid for by the sender of the reply.

If the addressee of the original telegram cannot be found, the amount deposited for the reply will be refunded to the sender, provided that the amount to be refunded is at least equal to 1 franc.

If the addressee does not make use of the amount prepaid, he may, within a period of three months, return the voucher delivered with the original telegram and request that the money be refunded to the sender. If the reply be sent and contain a less number of words than have been prepaid, the difference will be returned to the sender, if applied for within three months of the date of issue of the voucher, upon the authority of the office which delivered the original telegram, provided that the amount to be refunded is at least equal to 1 franc.

28. Repeated or Collated Telegrams. The sender may have his telegram repeated from station to station on payment of an additional charge, equal to a quarter of the ordinary rate. The words "repetition paid" (collationnement), or the abbreviated signal = T C =, must be written before the address and paid for.

29. Acknowledgment of Receipt. The sender may request that the date and time at which his telegram is delivered to the addressee be notified to him by telegraph or by post.

The words "acknowledgment paid" or the abbreviated signal = P C =, or, if by post, = P C P =, must be written before the address of the telegram and paid for. The cost of an acknowledgment of receipt by telegraph is equal to that of a telegram of five words; for acknowledgment by post the charge is 25 centimes or 2½d. From countries which admit urgent telegrams, priority of transmission and delivery may be obtained for an acknowledgment of receipt, upon payment of five words at triple rate to the same destination as the original message and writing before the address the instructions "Urgent acknowledgment of Receipt," or = P C D =.

30. Telegrams to Follow. Telegrams can be directed to several addresses "To follow," for instance, " = F S = John Brown, Hotel de Rome, Berlin = Romer Frankfurtmain "

The sender pays the charges to the first destination, the cost of further transmission is collected on delivery of the telegram. The instruction "Faire suivre" or = F S = must be inserted before the address, for which the rate of two words is charged in the former and of one word in the latter case.

Acknowledgment of receipt to telegrams = To follow = can be obtained, provided the senders undertake to pay any extra charges that may be due, if the telegrams are sent beyond the country of destination.

31. Any person, or his authorised representative, upon proving his identity in writing, may also arrange with the telegraph office to have his telegrams re-directed to a new address, on undertaking to pay all charges. In this case the words "ré-expédié de" and the name of the re-transmitting office will be inserted before the address by the re-directing telegraph office and charged for.

32. Multiple Telegrams. Telegrams may be addressed—

(a) To several persons in the same place.

(b) To one person at several residences in the same place, if the words "x addresses" or = T M x = —the former counting as two and the latter as one word—be written before the address. The name of the office of destination only appears once, at the end of the address.

For telegrams addressed to several persons, the indications concerning the place of delivery, viz., exchange, station, market, etc., must be repeated after each address, or if they refer to a series of addresses, after the last of the series.

Telegrams addressed to several addresses, or to the same addressee, in different towns, are only accepted and charged for as so many separate telegrams.

Telegrams addressed to several persons in the same place, or to one person at several residences in the same place, with or without further despatch by post, are charged as single telegrams, plus a copying fee of 5d. (for urgent telegrams, 10d.), per 100 words or fraction of 100 words contained in the telegram, for each additional address after the first. In calculating the charge for the telegram, all the names and addresses are included in the number of chargeable words.

Unless the sender requests to the contrary, each copy of the telegram will bear only its own address. If it is required that all the addresses should be communicated to each receiver, then the sender must write before the address of each addressee whom it concerns the paid instruction "Communicate all addresses," or = C T A =.

Multiple telegrams for places in North America are not accepted.

33. Telegrams to be Delivered by Post or Express. Telegrams for places not connected by telegraph must have instructions inserted before the address as to the means by which they are to be forwarded to destination, for instance: "Express (or post), Muller, Steglitz, Berlin."

The name of the telegraph office by which the telegram is to be sent on by post, express, or other means, is stated last.

34. The charges for transmission by express are, as a rule, collected from the receiver, but the

sender is liable for these charges if the telegram cannot be delivered.

35. Telegrams to be sent by post to a country other than that of the terminal telegraph station are subject to a fee of 2½d.; those forwarded by registered letter, 5d.

36. **Semaphoric and Radio-Telegrams.** Semaphoric and radio-telegrams are telegrams exchanged with ships at sea by means of semaphores or radio-telegraphic stations established on the various coasts

The sender of a semaphoric or radio-telegram to a ship at sea may state the number of days during which the telegram must be kept by the semaphore or coast station for transmission to the ship; in this case he writes before the address "x days." If the ship does not arrive within twenty-nine days or within the time specified by the sender, the latter is informed. He may then request by Paid Service Advice, addressed to the semaphore or coast station, that the telegram be kept during another thirty days for transmission to the ship.

37. Semaphoric telegrams should be written either in the language of the country in which the signal station is situated, or in groups of letters of the International Code of Signals.

The charge for a semaphoric telegram is 1 franc (10d.), in addition to the ordinary telegraphic charge. For telegrams signalled from ships at sea, the charge is collected from the receiver.

38. Radio-telegrams can be written like ordinary telegrams or in groups of letters of the International Code of Signals

The charge for a radio-telegram comprises a coast and ship charge, in addition to the ordinary telegraphic charge, and is collected from the sender in all cases. (See RADIO-TELEGRAMS.)

39. **Certified Copies of Telegrams.** The sender and addressee of a telegram, or their authorised representatives, may obtain certified copies of the same as handed in, or as delivered at destination on proving their identity, and on payment of 5d. or 50 centimes for every 100 words or fraction of 100 words.

Telegrams are destroyed after ten months, and certified copies will not be obtainable after that period, except radio-telegrams, for which the period is extended to twelve months.

40. **Refunds.** Refunds are made in the following cases—

(a) The full cost of every telegram which has failed to reach its destination through the fault of the telegraph service.

(b) The full cost of every telegram stopped in transmission owing to interruption of the route, if cancelled at the request of the sender.

(c) The full cost of every telegram in the European régime, delayed more than twelve hours, if exchanged between two countries adjoining or connected by direct wires.

(d) The full cost of a telegram delayed more than twenty-four hours, if exchanged between two other countries of Europe, or between two countries outside Europe adjoining each other or connected by direct wire.

(e) The full cost of every other telegram delayed more than seventy-two hours. The period of closing of offices, when it is the cause of delay, and the time occupied in delivery by express, as well as the time occupied in the maritime transmission of semaphoric or radio-telegrams, or the time such telegrams have remained at the semaphoric coast, or

ship stations, are not included in the delays referred to above.

(f) The delays indicated in paragraphs (d) and (e) are reduced by one-half for Government, urgent, or paid service telegrams.

(g) The full cost of every collated telegram in secret language or of every telegram in plain language which has manifestly been unable to fulfil its object in consequence of errors made in its transmission, unless the errors have been rectified by Paid Service Advice.

(h) The supplementary charge for special services not rendered, as well as the charge for the corresponding supplementary instructions.

(i) Amounts deposited for Paid Service Advices, requesting repetition of a supposed incorrect passage and for replies thereto, if the repetition does not agree with the first transmission, with the reservation, however, that when some words have been correctly and some incorrectly reproduced in the first telegram, the charge relating exclusively to words correctly transmitted originally is not refunded, except when they have been repeated in consequence of their sense being obscured by the mutilated words. See also par 10.

(j) The full cost of every other telegraphic, or postal, Paid Service Advice, the sending of which has been necessitated by error of service.

(k) The amount deposited for a reply when the addressee has not been able to make use of the voucher, or has refused it, provided the voucher is returned to the office which issued it within three months from the date of issue.

(l) The charge in respect of the telegraph section not traversed by the telegram, when, owing to the interruption of a telegraph route, the telegram has been forwarded to its destination by postal or other means. The expense of replacing the original telegraphic route by any other means of transport is, however, deducted from the amount to be refunded.

(m) The full cost of every telegram with prepaid reply, which has manifestly been unable to fulfil its object in consequence of an error of service justifying the refund of the charge paid for the reply, as well as the full cost of any prepaid reply which has manifestly been unable to fulfil its object in consequence of an error of service justifying the refund of the cost of the original telegram.

(n) The cost, when it amounts to 1 franc (10d.) or more, of the word or words omitted in transmission of a telegram, unless corrected by paid service advice.

(o) If the cost of a reply is less than the amount prepaid, the difference is refunded when it amounts to 1 franc (10d.) or more.

(p) The charge for every telegram stopped under par 22

(a) The proportion of charge due for a cancelled telegram

In the cases provided for in paragraphs (a), (b), (c), (d), (e), (f), (g), (h), and (n), the refund applies only to the charge of the original telegram (if lost, cancelled, delayed, or mutilated), including any supplementary charges not used, and not to telegrams necessitated or rendered useless by the non-delivery, delay, or mutilation of the original telegram.

In case of a partial refund on account of a multiple telegram, the total charge received is divided by the number of copies, the quotient represents the amount of refund for each copy, the telegram itself counting as one copy.

When errors of the telegraphic service have been corrected by Paid Service Advices within the periods mentioned above, pars. (c), (d), and (e), the refund only applies to the charges for such service advices. No refund is made in respect of telegrams to which such advices relate.

No reimbursement is made for rectifying telegrams which, instead of being exchanged from office to office as Paid Service Advices, have been exchanged direct between sender and addressee.

41. Every claim for refund should be made, under penalty of rejection, within five months from the date of deposit of the telegram. When a telegram, the cost of which is refundable, has been transmitted by countries not conforming to the International Rules, a total refund is only made when such countries forego their respective shares of the charges.

Every claim must be made to the Original Sending Administration, and be accompanied by documentary evidence—*i.e.*, a written statement from the terminal office or addressee, if the telegram has been delayed or has not been delivered, the copy delivered to the addressee, if the question is one of alteration or omission.

The claim may, however, be presented by the addressee to the office of destination, which decides whether it should deal with it, or whether it must be forwarded to the sending administration.

The right to a refund is cancelled after a period of six months from the date of the letter advising the sender that a refund has been granted.

Special rules and regulations apply to Press telegrams.

The cost of cables is liable to variation. It is therefore, impossible to lay down the scales with the certainty that they will be lasting. The *Post Office Guide* must be consulted.

CABLE TRANSFER.—This is a payment of money effected by a banker in one country upon instructions received by cable from a banker in another country. It is the invariable practice to use a code for the transmission of instructions of this character.

CABS, LAW AS TO.—An Act of Parliament, passed in 1832, defined a stage carriage as being—

“Every carriage used or employed for the purpose of conveying passengers for hire to or from any place in Great Britain . . . provided that the passengers thereby conveyed shall pay separate and distinct fares.”

The term “stage carriage” does not include a carriage used upon a railway, or any carriage drawn or propelled by other than animal power. Stage carriages must be licensed and have a numbered plate upon each of them. Every person applying for a licence must state his name and address on a specified form. Any fraudulent omission from, or addition to, the statement will render the person making the same liable to a heavy fine. The licence must be renewed every year. Any person plying for hire whose stage carriage is unlicensed will run the risk of being mulcted in a heavy fine.

If there are more passengers carried than the number for which the stage carriage is licensed, the person to whom the licence is granted will be fined for each passenger carried in excess.

The name of the proprietor and the number of persons for which the carriage is licensed, must be painted upon each stage carriage. Every person in any city, town, or place, who shall let out hackney carriages for hire, shall cause each carriage to be

numbered, and shall have his name and that of his city or town painted upon the carriage. This is, of course, for the protection of the passenger, since the owner is liable for the torts of his servant, such as loss of luggage, negligent driving, etc.

The words “hackney carriage,” which are equivalent to cab or taxi-cab, are the words used in an Act for regulating hackney and stage carriages near London, passed in 1843. In this Act the words “hackney carriage” include every carriage except a stage carriage, which stands on hire, or ples for a passenger for hire, at any place within the limits of the City of London and the metropolitan police district. The driver of a hackney carriage must be licensed. A duty of 5s. is charged for the driver's licence; the driver receives a metal ticket or badge with his number thereupon. Whoever ples for hire without a licence, or permits another to use or wear his metal ticket, will be liable to forfeit the sum of £5. If a proprietor allows an unlicensed person to act as driver of a hackney carriage, the proprietor of the carriage may be fined £10. Drivers must give notice of their change of address to the police. Particulars of the licences issued are kept by the police registrar in a book provided for that purpose. Every licensed driver shall, at all times during his employment, wear his ticket conspicuously upon his breast, so that the whole of the writing thereupon may be distinctly legible. The penalty for failing to do this is 40s. The licences and the tickets must be given up when their time expires. New tickets will be delivered in place of damaged tickets or lost ones. The fee is 3s.

Any person who forges a licence or a ticket commits a misdemeanour (*q.v.*) for which he will, on conviction, suffer a term of imprisonment. The proprietor of hackney carriages must keep the licences of his drivers whilst they remain in his service.

If the proprietor fails to do this, or to produce the licence when legally called upon to do so, he will be fined £2. A justice of the peace may hear and settle any dispute between the proprietor of a hackney carriage and his driver. The agreement between the proprietor and the driver, in which the driver agrees to pay over the earnings of his hackney carriage, must be in writing, signed by the driver in the presence of a competent witness. This agreement is free of stamp duty. When the driver quits the service of the proprietor of the hackney carriage, the driver's licence must be returned to him, but if the proprietor has a complaint against the driver, he may retain the licence for twenty-four hours to give him time to make his complaint before a justice of the peace.

Justices of the peace may revoke the licence, or suspend it, if the driver has been convicted of any offence; the licence and the ticket must be delivered up to the magistrate, who will forward the same to the police registrar to be cancelled. In the case of suspension, the licence and the ticket are returned when the period of suspension has expired. The hackney carriage plates may be seized when the licence is revoked. In any case, they must be delivered up when the licence expires, unless the licence is renewed. No person shall act as the driver of a hackney carriage without the consent of the proprietor, and no unlicensed person may act as driver. The penalty for disobedience is 40s.

If the driver of a hackney carriage is guilty of wanton or furious driving, or if he, by carelessness,

or wilful misbehaviour, hurts person or property in any street or highway, or shall be drunk whilst engaged in his employment, or shall make use of insulting or abusive language, he will forfeit the sum of £2 for each offence. The magistrate may also commit the offender to prison, and may order the proprietor to pay compensation to the injured party. Whatever sums the proprietor is ordered to pay, he may afterwards recover from the driver who has committed the fault.

The provision of standings for hackney carriages in the metropolis is left in the hands of the Commissioner of Metropolitan Police. The standings must be in the centre of the street, unless one side of the street, where the standing is appointed, is without houses. The standings in the City of London and borough of Southwark are under the control of the mayor and aldermen of the city. Penalties are exacted, if a driver does any of the following things: Plying for hire elsewhere than at a standing, loitering, causing obstruction, deceiving a person as to a route, refusing to carry, at the lawful fare, a passenger for whom there is room, demanding more than the legal fare; stopping at a foot passengers' crossing.

In the case of complaints against the driver of a hackney carriage, the proprietor may be summoned to appear and produce the driver. The complaint must be made to the magistrate within seven days of its occurrence.

The registration of metropolitan public carriages was transferred to the Commissioners of Police of the metropolis in 1850, in whom is also vested the authority to appoint public standings, and to insure the good behaviour of those entitled to use them. In 1853 it was enacted that persons desiring a licence for hackney carriages must apply to the Commissioners of Police in the metropolis. The carriages must be inspected by the police authorities, upon whose certificate of fitness the necessary licences will be granted. Tables of fares must be put upon every hackney carriage in a conspicuous place. The driver must produce a book of fares if required to do so. A driver must drive his passenger a maximum distance of 6 miles if required to do so, or, if by time, for the maximum of one hour. Each hackney carriage must take a reasonable amount of luggage free of charge.

Property left in a hackney carriage by a passenger must be taken by the driver to the nearest police station, or to New Scotland Yard. When the property is claimed, the driver receives such sum as the Commissioners may award. If the property is not claimed, it is sold at the end of a specified time—a share of it is paid to the driver; the rest goes to the State. The police authorities provide the water supply at each public standing. Each hackney carriage must have a lamp inside the carriage. Penalties are exacted if the driver of a hackney carriage does any of the following: Refuses to take a reasonable amount of luggage; refuses to drive the legal distance, or for the legal time, or at the legal speed; works his horse in an unfit state.

In 1869 the law as to hackney carriages in the metropolis was further amended, and it was enacted that licences for hackney carriages must be granted by a Secretary of State. The licence for the driver must be granted by the same authority. All the authorities given to the police as to the public standings, fares, tables of distances, lost property, are transferred to the Secretary of State. A lamp,

properly trimmed and lighted, must be fixed outside every hackney carriage during certain hours between sunset and sunrise. All the powers granted by this Act to the Secretary of State may be granted by him to the Commissioner of Metropolitan Police. As a matter of fact, the police do still regulate the hackney carriage and its driver, as stated in an earlier paragraph.

With regard to hackney carriages outside the metropolis, the law for them is to be found in the Town Police Clauses Act, 1847, and in the Public Health Act, 1875. The hackney carriages in the country are under the control of the police, and the laws which govern them are, generally speaking, the same as those which govern the metropolitan hackney carriages.

The most recent Act on the subject here discussed is the London Cab and Stage Carriage Act, 1907. It provides that the fare fixed for horse cabs fitted with taximeters shall be at the rate of 6d. for every mile when by distance, and 6d. for every 12 minutes when by time. All cabs entering railway stations shall have equal privileges, and any charge made by the railway companies to the drivers must be regulated by the Secretary of State.

The latest definition of cab is as follows: "Hackney carriage" or "cab" includes any such vehicle whether drawn or propelled by animal or mechanical power.

By an order made by the Secretary of State, dated December 30th, 1907, no licence shall be granted to a person under the age of twenty-one, or to a person who does not bear a good character, or is cruel to animals. The price of a licence for a cab is £2. It must be paid to the Receiver of the Metropolitan Police. A driver's licence costs 5s. Every driver must, if required to do so, deliver a ticket to the hirer. The ticket must state the number of the cab; the name and address of the proprietor; that magistrates will hear complaints between driver and hirer forthwith without any summons, and that applications concerning lost property left in cabs must be made to the Lost Property Office, New Scotland Yard, S.W. Drivers are not entitled to charge for waiting unless the waits exceed 15 minutes in all. If lost property, delivered up by the driver, is not claimed within three months, the drivers will be allowed a proportion of the proceeds of the sale of it, e.g., gold, silver, bank notes, jewellery of less than £10 in value, 3s. in the £1. Other property of less than £10 in value, 2s. 6d. in the £1. If the property is of greater value than £10, the Commissioner will decide what amount is to be given to the driver, or the property itself may be handed over to the driver.

Taximeters must bear a seal or mark approved by the Commissioner. The taximeter must be set in motion as soon as the hackney carriage is hired, and must be stopped as soon as the hiring has terminated. The licensed driver must have his photograph attached to the licence, failing which, particulars must be given of age, height, colour of eyes, and hair, and complexion.

The scale of fares to be charged by drivers of cabs is: Within the 4-mile circle from Charing Cross, under 2 miles, 1s., and 6d. per mile afterwards. By time: Hansom, 2s. 6d. for 1 hour or less; four-wheel, 2s., for every 15 minutes afterwards, hansom 8d., four-wheel 6d. Beyond the 4-mile circle: 1 mile 1s., for each mile, or part of a mile, beyond 1s., per hour 2s. 6d., and 8d. for every 15 minutes beyond. If hired within the 4-mile

circle, but discharged without, per mule 1s., each other mile ended within, 6d., without, 1s.; by time, 2s. 6d. per hour, and 8d. for every 15 minutes after. Luggage—bicycle, mail cart, or perambulator, 6d.; every other outside package, 2d. For each person above two, 6d. the whole journey. Waiting, every 15 minutes, four-wheel 6d., hansom 8d. Fares of taximeter cabs—8d. per mile or 8d. for every 10 minutes; afterwards, for each $\frac{1}{4}$ mile, or each $2\frac{1}{2}$ minutes, 2d. Luggage charges as for ordinary horse cabs. Extra persons, the same. Two children under ten count as one adult. Fares for horse-drawn cabs, with taximeters: 1 mile or 12 minutes, 6d.; each $\frac{1}{4}$ mile or 6 minutes after, 3d. Luggage and extra persons as in the other cases. A driver is entitled to his legal fare and no more. If a dispute arises, an appeal should be made to a police-constable, and unless the matter is settled the driver may take proceedings in a police court to enforce his rights. The old right of compelling a cab-driver to proceed to the nearest police-station to settle differences was abolished in 1896.

During the period of the Great War, an increase of fares was authorised in the case of taxi-cabs to the extent of 6d. on any journey. No doubt, considering the present state of things, this increase will be a permanent one.

CADMIUM.—A soft, white, malleable, and ductile metal, occurring in small quantities in certain zinc ores. It is alloyed with silver in electroplating, and is also valuable for its compounds, iodide and bromide of cadmium, which are useful in photography, and sulphide of cadmium (known as cadmium yellow), which is a pigment much prized by artists. Its specific gravity is 8.6.

CAFFEINE.—Also called Theine. It is the alkaloid and active principle in coffee, tea, maté (Paraguayan tea), the kola nut, etc. When isolated, caffeine forms beautiful, white, silky crystals, which are soluble in water, ether, and alcohol. It may be obtained from a strong infusion of boiled tea or coffee mixed with acetate of lead. It is used medicinally as a powerful heart stimulant, whilst citrate of caffeine is a remedy for sick headache. Its chemical symbol is $C_8H_{10}N_4O_2$.

CAJEPUT (or CAJUPUT).—An evergreen tree of the myrtle order, native to Australia, and valuable for the volatile, aromatic, pungent oil distilled from its leaves. The oil is green in colour, and is very similar to eucalyptus oil. In the East it is a universal remedy. In Europe it is occasionally employed medicinally as a stimulant and diaphoretic.

CALAMANDER.—A beautiful cabinet wood, now very scarce, obtained from India and Ceylon. The colour is of various shades of brown, occasionally deepening into black.

CALAMBAC.—A Mexican tree, with odoriferous wood much used in perfumery.

CALCIUM.—One of the alkaline earth metals, the other two being strontium and barium. It is widely distributed throughout the world, but is never found pure. It is the metal present in chalk, stucco, and other compounds of lime, and is also a constituent of various animals and plants, being found in egg-shells, bones, coral, etc. It can be most easily prepared by passing an electric current through fused chloride of calcium, the yellowish-white metal then separating from the other constituents. The compounds of calcium are of great commercial value. The oxide forms lime, and, when water is added, slaked lime. The sulphide is employed in the

manufacture of luminous paint; the sulphate is the basis of gypsum, and one of its carbonates yields the ground chalk known as "whitening."

CALCULATING MACHINES.—The primary use of calculating machines is to save the great amount of time occupied in making long and important calculations, and to ensure the accuracy of the calculations when made. Both by the ordinary method of arithmetical calculation and by "machine made" calculation, errors may be made, but there is far less liability to error by the latter method, as the number of keys to be used, or the levers to be set, do not in the least compare with the number of figures to be recorded by the arithmetical process.

No one would pass an important calculation without checking the same, and, of course, the product of the calculating machine may be checked by repeating the same if it is thought necessary.

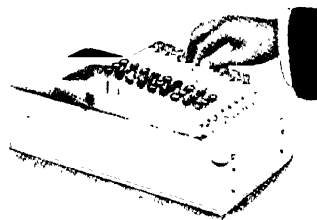
The saying that "time is money" is never more apparent than when employees spend hours over calculations which by a calculating machine may be done in a fraction of the time.

The calculating machines of to-day are not limited to any one style of calculation—they will add, subtract, divide, and multiply with equal facility, and with absolutely correct results, provided the right keys are pressed or the levers correctly manipulated. Among their uses may be mentioned—

- Checking invoice extensions;
- Exchanges and conversions;
- Freights;
- Adding and checking pay rolls;
- Percentages;
- Averages;
- Apportionments;
- Costings;
- Measurements;
- Auditing.

A well-known type of calculating machine, the "Comptometer," is worked solely by keys—like the keys of a typewriter. It is small, light, and compact, and can be placed on an open book or next to the work on the desk. The first column of the keyboard contains the units, 1 to 9, the second column tens, 10 to 90, and so on across the board.

Addition is performed by depressing the keys corresponding to the number to be added. To add a number like 542, strike the 5 key in the third column (hundreds), the 4 key in the second column (tens), and the 2 key in the first column (units), when the answer appears in the register.



To multiply, say, 578 by 463, place three fingers on the keys 5, 7, and 8 in the units column, and strike three times; move one column to the left and strike six times; moving once more to the left,

strike four times. The answer 267,614 now appears on the register.

Sets of keys are provided for £ s. d., so that the operation of arriving at the addition, multiplication, or division of monetary amounts is quite as simple.

Another calculating machine which should be mentioned is the "Monroe," a machine well known on the American market. The Monroe adds, subtracts, divides, and multiplies, and special accounting problems combining these calculations can be handled with the utmost ease. Even engineering problems of the most complicated kind can be worked with remarkable simplicity, while square roots and cube roots can be extracted with very little practice. It will be seen that the Monroe has a wide range of utility. It weighs about 26 lbs. and occupies less than a square foot of desk room.

Although only a few instances of the powers of calculating machines have been shown, it will be seen that they do much to prevent errors, save valuable time, and by an employer being enabled to turn over the calculating to a junior, he may engage the time of his higher-paid men in more productive work. The following are a few samples of the work that may be done on these machines, with the makers' statement of the time occupied in producing the results—

$6,327 \times 6,457 = 40,853,439$ (5 seconds)

$248,832 \div 144 = 1,728$ (11 seconds).

7 cwt. 1 qr 4 lbs. @ 16s. 9d. per cwt. = £6 2s. 0½d. (3 seconds).

£378 10s. 8d. @ 3½ % for 288 days = £10 9s. 1d. (25 seconds).

443 ft. 5 in. @ 30s. per 40 ft. + 10 % = £18 5s. 10d. (14 seconds).

(See also ADDING MACHINES.)

CALCULATION OF PRICES.—What are the necessary items in calculating the selling price of goods of any nature? The number of items will, of course, vary according to the geographical position of the town in which the receiver of the goods carries on business, and we will suppose, in order to list the greatest number, that his business house is in an overseas, up-country town. The calculation for price would then be—

Net Invoice Cost of the Goods;

Cost of Package;

Carriage to Docks,

Dock Dues, etc.;

Freight;

Primage;

Exchange;

Commission,

Insurance,

Interest;

Duty;

Wharfage;

Railage or Carriage Inland,

Office and Warehouse Expenses, Rent, Rates, etc.;

Profit;

Depreciation;

and the total would give the Selling Price.

The **Net Invoice Cost** is the total amount after the trade and cash discounts have been deducted from the gross price. The **Carriage to Docks** will vary according to the proximity of the town in which the goods are manufactured to the port of shipment. Also according to the method of carriage employed, whether rail, canal, or coasting vessel.

Freight and Primage will be shown by the freight account, which will also include the amount of the dock dues, if paid by the shipowner for the shipper, and the cost of the bill of lading.

Commission may be of several kinds. It may be a certain charge made by the home buyer for purchasing the goods to the best advantage; the charge varying according to the arrangements made between the two parties concerned, and the usual method being a certain percentage on the net invoice cost of the goods. It may be a charge paid by a small firm to a large firm for financial accommodation for a certain period. It may be paid to a forwarding agency or company for clearing at customs and forwarding the goods from the port of arrival to town of destination.

Insurance may be effected in different ways, the cost differing according to the different risks accepted by the insurance company. The two methods most in favour for sea-borne traffic are: "All Risks" and "F. P. A." (free of particular average). The former does not require any explanation, "All Risks" are taken by the insurance company, and the rate charged is higher than for goods insured "F. P. A." The latter means that the underwriters only insure the goods against damage or partial loss in "case the ship, craft, or any conveyance, or the interest insured, be stranded, sunk, burnt, on fire, or in collision"; and they are not responsible for goods rendered worthless by any ordinary perils of the sea. All goods insured in this way are said to be free of particular average.

Interest is sometimes paid by a small inland firm to a large firm, say, at the port of arrival for financial accommodation. In addition to a commission charged for buying the goods, attending to shipments, office expenses, etc., etc., interest is charged on all amounts not paid after a certain length of time.

Duty is the amount paid to the Customs or Excise Departments on all goods on which a duty is levied. If, in addition to an import duty, there is an export duty to be paid at the port of shipment in the country of origin, the amount of such duty must, of course, be added to one's calculation of price.

Wharfage is a charge made for receiving and removing goods on a wharf either at the port of shipment or the port of arrival. In a price calculation, the charge for wharfage at port of shipment would already be included under the heading of dock dues, etc., so that "wharfage" included in the calculation under notice would mean all charges under that head at the port of arrival.

Railage or Carriage Inland would be ascertained when the railway company or conveyance owner presented the way-bill or carriage note for payment.

Office and Warehouse Expenses are usually charged as a percentage of the total turnover. The shopkeeper, or storekeeper, or merchant knows approximately his turnover for the year, and how much he will have to pay for rent, wages, insurance, gas, etc., etc., so that this item is usually a fixed one, so much per cent. being added to the invoice cost of the goods.

Profit is usually determined by purely local conditions. If the competition in a certain class of goods is keen, it follows that the profit will be a small one. If the store is an up-country one, miles away from the nearest store, the profit will be just what the seller can get from his customers. There

is, then, no hard fixed rule for the amount of profit to be made on certain articles, and it must be left entirely to the local knowledge or business acumen of the seller.

Let us take one more calculation, and let it be supposed that goods have been bought in Paris for, say, Manchester or some other inland English town. The charges, then, would be—

Net Invoice Cost of the Goods;
Carriage to Port of Shipment;
Freight to English Port;
Duties: Export and Import;
Carriage Inland to Destination;
Insurance;
Office and Warehouse Expenses, Rent, etc.;
Profit;
Depreciation.

The method of calculation of the different items would be the same as or similar to that already shown, with the important difference that the items would be fewer and some of them considerably less than in our previous example. Purely local conditions sometimes add very considerably to the landed cost of certain articles. For instance, at certain ports a fixed charge is made on each shipment received by a certain shipper. We will suppose that a charge of 15s is made for Government revenue purposes. A shipment of goods value £1,500 is received, and the fixed charge of 15s made. This would represent $\frac{1}{10}$ th per cent. On another occasion, unavoidably, perhaps, on account of the season trade, a shipment is made of one case of straw hats value £15. The fixed charge of 15s is again made. In this case it would represent 5 per cent., and add very considerably to the selling price.

We have left to the last a very important item, that of **Depreciation**. The amount of this differs very largely, according to the class of business done. We will name firegrates, fruit in barrels, carpets, and millinery as, perhaps, offering the greatest contrasts. Owing entirely to the quickly passing fashions and seasons, the percentage to be added to the net invoice cost of the goods would be considerably greater when costing millinery than when carpets were under consideration. In the same way the perishable nature of apples in barrels would demand a greater percentage for the depreciation item than the almost everlasting nature of firegrates. We see, then, how important this last item is. Selling experience, knowledge of customers' requirements, an acquaintance with previous arrivals of goods of a similar nature would all help to a proper appreciation of the amount to be decided upon for depreciation. There is no hard and fixed rule for it.

CALENDAR.—From the following tables the day of the week for any date from 1900 till 1950 can easily be ascertained. The one table contains ordinary years, the other table leap years.

If, for instance, it is required to know what day of the week December 25th, 1920, is, find the year 1920 in the year column, then look to the left to find the month of December, and at the bottom of the column containing that month will be found the day of the week, Saturday, in a line with the 25th on the right. Again, take the date August 4th, 1914, the day on which the Great War broke out. In the year column, find 1914, then look to the left to find the column containing the month of August, and at the bottom of that column will be found the day of the week in a line with the 4th on the right, namely, Tuesday.

Jan. Oct.	May	Aug	Feb. Mar. Nov.	June	Sept. Dec.	April July	1905 1933 1911 1939 1922 1950
April July	Jan. Oct.	May	Aug.	Feb. Mar. Nov.	June	Sept. Dec.	1900 1923 1906 1934 1917 1945
Sept. Dec.	April July	Jan. Oct.	May	Aug	Feb. Mar. Nov	June	1901 1920 1907 1935 1918 1940
June	Sept. Dec.	April July	Jan. Oct	May	Aug.	Feb. Mar. Nov	1902 1930 1913 1941 1919 1947
Feb. Mar. Nov	June	Sept. Dec.	April July	Jan. Oct	May	Aug	1903 1931 1914 1942 1925
Aug.	Feb. Mar. Nov	June	Sept. Dec.	April July	Jan. Oct	May	1909 1937 1915 1943 1926
May	Aug	Feb. Mar. Nov	June	Sept. Dec.	April July	Jan. Oct.	1910 1938 1921 1943 1927
Sun. M. Tu. W. Th. F. Sat	M. Tu W Th F Sat Sun	Tu W Th F Sat Sun M	W Th F Sat Sun M Tu	Th F Sat Sun M Tu W	F Sat Sun M Tu W Th	Sat Sun M Tu W Th F	1 8 15 22 29 2 9 16 23 30 3 10 17 24 31 4 11 18 25 5 12 19 26 6 13 20 27 7 14 21 28

LEAP YEARS

Jan. April July	Oct	May	Feb. Aug	Mar. Nov	June	Sept. Dec.	1928
Sept. Dec.	Jan. April July	Oct.	May	Feb. Aug	Mar. Nov	June	1912 1940
June	Sept. Dec.	Jan. April July	Oct	May	Feb. Aug	Mar. Nov	1924
Mar. Nov.	June	Sept. Dec.	Jan. April July	Oct	May	Feb. Aug	1908 1936
Feb. Aug	Mar. Nov	June	Sept. Dec.	Jan. April July	Oct	May	1920 1948
May	Feb. Aug	Mar. Nov.	June	Sept. Dec.	Jan. April July	Oct	1904 1932
Oct •	May	Feb. Aug	Mar. Nov.	June	Sept. Dec.	Jan. April July	1916 1944
Sun. M. Tu. W. Th. F. Sat.	M. Tu W Th F Sat Sun	Tu W Th F Sat Sun M	W Th F Sat Sun M Tu	Th F Sat Sun M Tu W	F Sat Sun M Tu W Th	Sat Sun M Tu W Th F	1 8 15 22 29 2 9 16 23 30 3 10 17 24 31 4 11 18 25 5 12 19 26 6 13 20 27 7 14 21 28

CALL.—A Stock Exchange term, which, when expressed in full, is known as a call option. It is a mode of dealing in stocks, shares, or other commodities, whereby an operator, on payment of a certain premium, is entitled to purchase the commodity or shares in question at a given price, within a certain limited time. The profit to be gained depends solely upon the movement of the market, and the loss is limited to the amount of the premium. The opposite of a call option is a put option. (See PUT.)

CALLED BOND.—A bond which has been called in for payment on a certain date, after which time it ceases to bear interest.

CALLED-UP CAPITAL.—The called-up capital of a joint-stock company is the amount demanded from the shareholders in respect of each share subscribed for. On subscribed capital there are, first, the amounts paid on application and allotment. The remainder or any portion of it may be from time to time called up by the directors, and the total amount so called up (inclusive of the amounts on application and allotment) is termed the called-up capital.

CALL MONEY.—(See MONEY AT CALL AND SHORT NOTICE.)

CALL OF MORE.—A Stock Exchange phrase. It means the right to call at a certain date an equal amount of stock to that which has just been bought. In some markets this is called an "option to double."

CALL ON SHARES.—A call is an instalment of the capital of a joint stock company which a shareholder is bound to pay when "called" upon to do so. If the prospectus does not provide for the subscription of the whole of the capital within a certain date after the formation of the company, the articles of association must contain a clause or clauses dealing with the manner in which the directors may call upon the shareholders to pay either a portion or the whole of what is due upon the shares held by each. The call must be made in strict accordance with the articles, as any irregularity will entitle a shareholder to resist payment. Thus, it must be made by duly appointed and duly qualified directors, and the proper length of notice must be given. Again, the call must be regular and *bonâ fide*, and made in the interest of the company. If the power is exercised wrongfully for the directors' own ends, or for other indirect purposes, there is an abuse of authority, and a shareholder may restrain the call by injunction. In order to succeed, however, a very strong case must be made out, as the court is not too eager to interfere with the discretion of the directors in the matter of calls.

A company is not bound to adopt Table A (*q.v.*), out in considering how the articles of association should be framed with reference to calls, it is advisable to bear in mind clauses 12-17 of the Table as a specimen. They are as follows—

"12. The directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares, provided that no call shall exceed one-fourth of the nominal amount of the share, or be payable at less than one month from the last call; and each member shall (subject to receiving at least fourteen days' notice specifying the time or times of payment) pay to the company at the time or times so specified the amount called on his shares.

"13. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

"14. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of £5 per cent. per annum from the day appointed for the payment thereof to the time of the actual payment, but the directors shall be at liberty to waive payment of that interest wholly or in part.

"15. The provisions of these regulations as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of

issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

"16. The directors may make arrangements on the issue of shares for a difference between the holders in the amount of calls to be paid and in the times of payment.

"17. The directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him; and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding, without the sanction of the company in general meeting, 6 per cent.) as may be agreed upon between the member paying the sum in advance and the directors."

The liability for the payment of a call rests primarily upon the registered holder of the shares upon the date when the call is made.

The true date of the making of the call is often an important matter. The articles should provide for this; but if they are silent, the date of the passing of the resolution making the call is considered to be the date of the call, and it is on that date that the amount of the call becomes due. The date will fix the liability of the transferor or the transferee. If the call is made before the date of the transfer, the transferor must pay; if it is made after the date of the transfer, the transferee is the person liable. But if it should turn out that the transfer is irregular in any way, the transferor still remains liable, although the call is made after the date of the transfer. The estate of a deceased member, so long as his name remains on the register, is liable for calls. If the minimum subscription (*q.v.*) is not obtained, there can be no allotment, and if there is no allotment there cannot be any calls, since there are no shares issued upon which to make calls.

The following is a common specimen of a call notice issued by a company—

THE A.B. COMPANY, LIMITED.

First Call of per Share on
Ordinary Shares of each (making
per share paid up).

Registered Office,

.....
.....
(Date).

Sir (or Madam),—

I have to give you notice that the First Call of per share has been made by resolution of the Board, and in pursuance of the terms of the Prospectus dated I am directed to request you to pay the sum of £..... on the Ordinary Shares held by you on or before the inst. to the Company's bankers, of

When sending your cheque, please forward this notice, together with the form of receipt attached hereto.

I am,

Your obedient servant,

C. D., Secretary.

To E. E.

(The receipt form mentioned is attached to the notice.)



Where it is stipulated by the prospectus that the various amounts shall be paid by instalments on fixed dates, the company may, by its articles, accept payment in advance, and allow interest to the shareholder on such part of his shares as has been paid before becoming due.

Also, where there are to be calls, the company may, by its articles, agree to accept payment of prospective calls in advance and to pay interest on the same. The shareholder who thus pays in advance stands in the position of a person who has lent money to the company, that is, of a creditor; and since any member of a company can enter into a contract with the company, he is entitled to claim his interest out of the assets of the company just as any other person would, in accordance with the terms of his contract.

There is generally a clause in the articles which provides for the forfeiture of the shares in respect of which default has been made in the payment of a call. It is an abuse of their power for directors to make a call with the object of enabling a shareholder to escape his responsibility by forfeiting the shares which he holds. Partly paid shares which have been forfeited can be sold by the company, with the benefit of the amount paid up upon them before forfeiture.

Payment of calls may be enforced by action, and it is a breach of trust on the part of the directors if they do not take reasonable steps to obtain the money due. It is now the common practice to sue for the amount of the call on a specially indorsed writ, and proceed under what is known as Order XIV (*q.v.*). The estate of a deceased member, so long as his name remains on the register, is liable for calls.

When an action is brought by one person against another for a liquidated amount, the defendant may have a claim relating to the same matter against the plaintiff which materially diminishes the total amount of the liability. The defendant is entitled to "set off" (*q.v.*) this claim against that of the plaintiff, and judgment can then be given for the difference; but if a member of a company enters into a contract with the company and becomes a creditor of it, such member is not entitled to set off his claim as a creditor of the company against any calls which have been duly made upon him. He must first pay his calls, and then proceed with his appropriate remedy against the company.

Every call is in the nature of a specialty debt (*q.v.*), and a company can sue upon it any time within twenty years.

- When a company is being wound up, the liquidator is empowered, with the sanction of the committee of inspection, or by leave of the court when there is no committee, to make a call upon the contributories, that is, the persons who were members of the company at the commencement of the winding-up, or, in certain cases, those who have ceased to be members within a year of the winding-up, to supply funds rateably in order to satisfy the debts of the company.

CALOMEL.—The popular name of a compound of mercury and chlorine, also known as mild muriate of mercury and subchloride of mercury. It is usually prepared by heating sulphate of mercury with metallic mercury and common salt. The calomel is separated by sublimation, and is a white, odourless powder, insoluble in water and only slightly soluble in acids. It is the most valuable of the mercurial preparations used in medicine, and is employed for various purposes, being applied

externally as an antiseptic lotion, and taken in very small doses as a purgative.

CAMBIO.—This term, which is derived from a Low Latin word, meaning "I change," is in use in the mercantile phraseology of Holland in the sense of exchange.

CAMBIST.—A word derived from the Italian *campista*. It originally signified a banker or money-changer. It is now principally applied to a person who exchanges foreign money, or deals in foreign notes or bills of exchange. It is also applied to the books in which the weights, measures, and moneys of different countries are converted into those of one particular place.

CAMBRIC.—A fine variety of white linen named after the town of Cambrai, in Northern France, where it was originally made.

CAMOMILE (or CHAMOMILE).—The *Anthemis nobilis*, found abundantly in England, particularly at Mitcham, in Surrey, and much cultivated on the Continent. The so-called camomile tea is made by soaking the dried flower-heads in water. It is valuable as a tonic and stomachic. Camomile is sometimes illegally substituted for hops in the brewing of ale.

CAMPHOR.—A solid essential oil usually obtained from the *Cinnamomum camphora*, the laurel of China, Japan, and India. The wood of the tree is cut into small pieces and distilled with water; the camphor then rises with the steam and condenses at the top of the vessel. On reaching Europe, the camphor is purified and refined by heating and condensing the vapour. When pure, camphor is a white, volatile, soft, aromatic, semi-transparent substance, with a bitter, burning taste. It is readily soluble in ether, acetic acid, or alcohol, but very slightly so in water. It burns with a white, smoky flame, and its fumes are of great antiseptic value. Camphor and camphor oil (the bye-product of the wood) are much used medicinally: internally in cases of catarrh, and externally for inflammation, rheumatism, etc. Owing to its strong odour, camphor is employed in preserving natural history specimens, etc., from the attacks of insects. Its chemical symbol is $C_{10}H_{16}O$. The wood of the camphor tree is valued by cabinet-makers.

CANADA AND NEWFOUNDLAND.—**Position, Area, and Population.** British North America, including under this term Canada and Newfoundland, comprises the whole of the northern part of North America, with the exception of Alaska, which belongs to the United States. It lies between 42° and 80° north latitude, and between 53° and 141° west longitude. The southern frontier, over 3,000 miles in length, the greater portion of which is land, passes through the straits of Juan de Fuca and Haro on the west, follows the 49th parallel of north latitude to the Lake of the Woods, runs thence by a very irregular course through the middle of Lakes Superior, Huron, Erie, and Ontario; and, after following the highlands, north of Maine, turns southward to the mouth of the St. Croix river. Three great oceans wash Canada's shores—the Arctic on the north, the Atlantic on the east, and the Pacific on the west. The total area is approximately 3,750,000 square miles, or slightly smaller than Europe, and more than thirty times the size of the United Kingdom. This vast region, however, has a population of only about 12,000,000, or roughly three to the square mile. Canada is divided into nine provinces and the north-west territories. The provinces are: Prince Edward

Island, Nova Scotia, and New Brunswick (the Maritime Provinces); Quebec and Ontario (Lower and Upper Canada); Manitoba, Saskatchewan, and Alberta (the Prairie Provinces); and British Columbia (the Pacific Province). The territories are of little economic importance. They are Yukon, Ungava, Keewatin, Mackenzie, and Franklin. Newfoundland includes the island of that name (area = 42,750 square miles), and Labrador (area = 120,000 square miles); and the colony has a population of about 250,000. Naturally, the most thickly populated parts of Canada are the old settled districts, especially the so-called Lake or Ontario "Peninsula." Settlers were streaming into the Prairie Provinces before the war, and although emigration was impossible between 1914 and 1918, there can be no doubt as to its revival in the near future. Canadians are optimistic in their prophecy that the growth of Canadian population in the twentieth century will at least rival that of the United States in the last century.

Coast Line. The northern coast is much indented and is noteworthy for the numerous Arctic islands, of little utility, which lie to the north of it. Hudson Bay penetrates far into the land, extending southwards to within 300 miles of the northern shores of Lake Superior. It is, in reality, an inland sea and a submerged portion of the Great Plain which stretches to the Gulf of Mexico. Its greatest length is 1,300 miles, and its maximum breadth 600 miles. Hudson Strait (400 miles long) connects it with the Atlantic Ocean, and forms part of a possibly great trade route of the future. On the east the most conspicuous opening is the Gulf of St. Lawrence, a pear-shaped sea, 700 miles in length, bordered on the east by the islands of Newfoundland and Cape Breton, and containing within it Prince Edward and Anticosti Islands. Both the Gulf of St. Lawrence and the Bay of Fundy, famous for its high tides, are drowned portions of former plains, and hence the eastern coast possesses valuable harbours—Montreal, St. John, and Halifax have excellent accommodation for shipping. The Pacific coast is generally high and rocky, and is noteworthy for its extremely irregular outline, its many fiords, and its off-lying islands (Vancouver and Queen Charlotte Islands). Prince Rupert, with its magnificent harbour, promises a very hopeful future, when communication with its vast hinterland by rail and its commerce with the Far East by steamship lines shall be more fully developed. Doubtless, also, the new Panama route (opened in 1914) will greatly stimulate its trade with the West.

Build. Canada falls into four main natural divisions: (1) The Eastern lowlands and hills; (2) the Laurentian Plateau; (3) the interior plains; and (4) the Cordilleran or western mountain region.

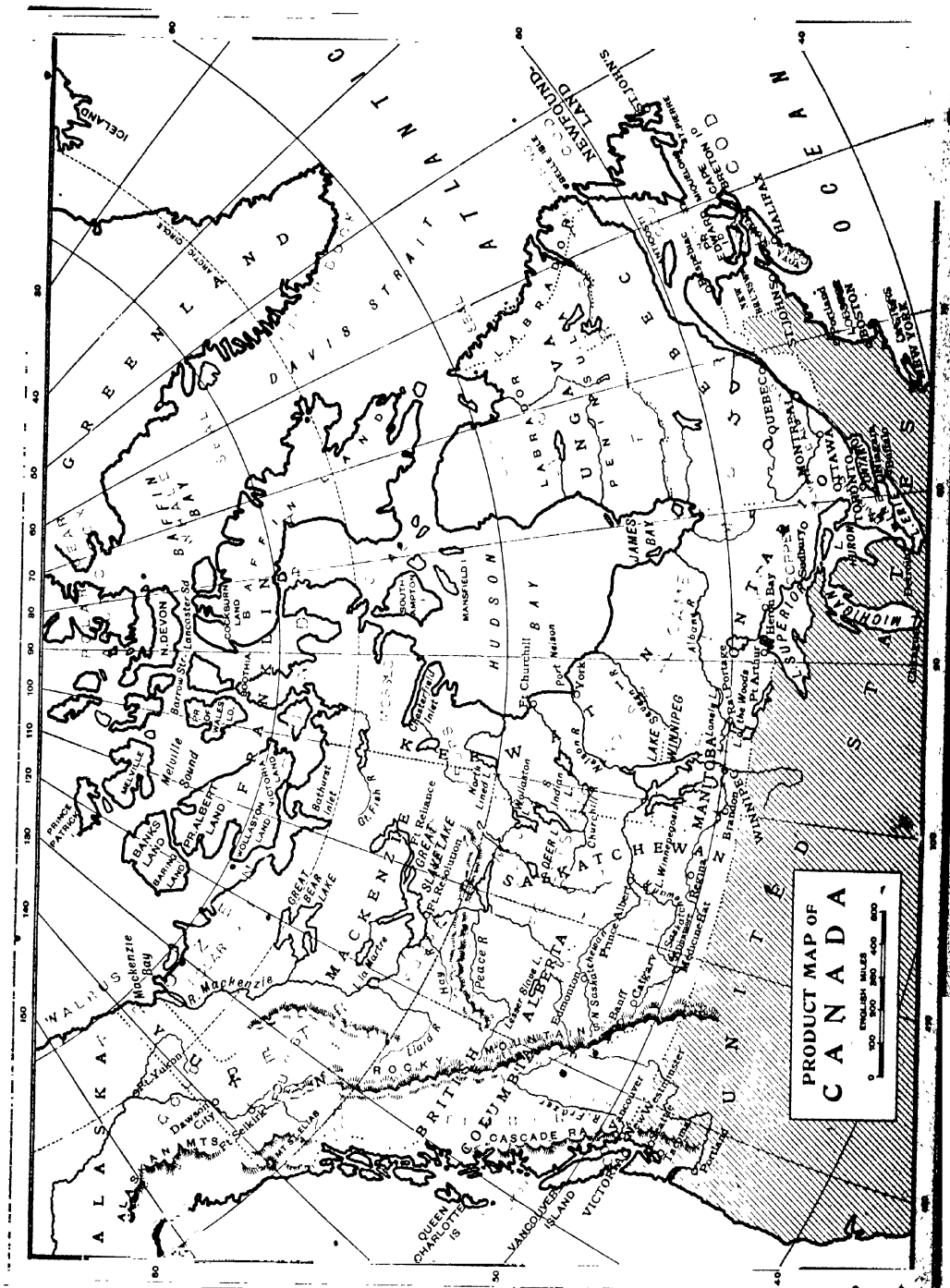
The Laurentian Plateau, a great V-shaped area of Archæan rocks, forms the nucleus of the land of Canada. It extends from the northern and eastern shores of Labrador to the north of the Great Lakes, and westwards to the interior lakes—Winnipeg, Great Slave, and Great Bear—while in the south-east its escarpment overlooks the Valley of the St. Lawrence. The plateau attains no great elevation, and prolonged denudation has resulted in the hills which occur assuming a rounded appearance. Innumerable lakes and considerable areas of fertile land occupy the depressions; but, taken as a whole, the region is incapable of supporting a large agricultural population. Owing to the hardness of the rocks, the existing streams have been unable to cut

deep valleys. In past ages the whole of the plateau was covered by an ice sheet, and signs of glacial action are everywhere evident.

The Eastern Highlands form the northern portion of the Atlantic or Appalachian Highlands, whose general trend from Newfoundland to Alabama is from north-east to south-west. New Brunswick and Nova Scotia are traversed by the Acadian Highlands; and beyond the submerged St. Lawrence Valley the Atlantic mountains reappear in Newfoundland. Numerous small lakes, and river courses, broken by rapids and waterfalls, are characteristic of the eastern region, and must largely be ascribed to past glacial action. The most important lowlands are the fertile plain of the Great Lakes, lying to the south of the Laurentian Plateau, and the St. Lawrence Valley, which still support half of the population of Canada.

The interior plains and undulating lowlands, lying between the western edge of the Laurentian Plateau and the foot-hills of the Rockies, and stretching from the 49th parallel to the Arctic Ocean, are, economically, most important in the south. The term "prairies," as applied to North-West Canada, is a comprehensive one, including the forest region north of the North Saskatchewan River, as well as the generally recognised grassy, almost treeless prairie land of the southern part of the region. Beyond the forest belt, which lies north of the real prairie, stretch the tundras, with their vegetation of low bushes, mosses, and lichens. The prairies (taken comprehensively) are a series of three great plains, marked off by more or less distinct lines of escarpment, which often take the form of ridges and wooded hills. In the south their extreme length is 800 miles, but northwards they contract to about 400 miles at the 56th parallel, and to still less at the 62nd parallel. Their northern termination may be fixed at the shores of the Great Bear Lake. The lowest prairie level is that of the Red River Valley, with an elevation of about 800 ft. above the sea. Its richest land lies to the south of Lake Winnipeg, and is 7,000 square miles in extent. The soils have been enriched by the sediments of the past glacial "Lake Agassiz." The middle prairie has an average elevation of 1,600 ft., and extends as far as the Missouri Côteau. Its approximate area is 105,000 square miles, half of which is open prairie. The soil is not so rich, nor the surface features so regular as those of the first prairie. Stretching from the Missouri Côteau to the Rockies, and including the western portion of Saskatchewan and Alberta (south of the North Saskatchewan River), the third or western prairie attains an average elevation of 3,000 ft. Its southern portion is open prairie land, but the northern and north-western tracts are wooded. The longer action of denuding forces has resulted in a more varied topography and soils than those of the second prairie. It has been estimated that there are 180,000,000 acres of land suitable for cultivation in Manitoba, Saskatchewan, and Alberta; and, since only about 6 per cent. is at present utilised, future growth should be great. North of these provinces, there are more than 900,000,000 acres, portions of which will, doubtless, become of economic importance when their resources, climates, and soils become more fully known.

The Cordilleran System (400 miles in width) forms the backbone of North America, and attains its greatest heights in south-western Yukon, where Mount St. Elias has an altitude of 18,024 ft., and



Mount Logan rises to over 19,000 ft. Three mountain regions may be distinguished: (1) The Rockies on the east, at the International boundary, have an average width of about 60 miles, but in latitude 56° north the width is only 20 miles. The chief peaks are Mount Columbia, and Robson Peak (13,700 ft.); and the most famous passes are the Kicking Horse Pass (5,200 ft.) and the Crow's Nest Pass (5,500 ft.). (2) The Coast (Cascade) Range, 900 miles long, runs north-westward near the coast, with an average width of about 100 miles. Some of its summits rise to heights of 8,000 ft., while the many deep fiords of the coast represent its submerged valleys. (3) The interior ranges—the Gold and the Selkirk—are separated from the Rockies and the Cascades by the great Columbia-Kootenay Valley, and by a vast western plateau, which has an average width of 100 miles.

The western mountain ranges run generally in a north-westerly and south-easterly direction, and have been heavily glaciated. Deep zig-zag valleys, drowned valleys, vast plateaux, and lofty mountain ranges are characteristic physical features of British Columbia.

Canada is one of the best watered countries in the world, and though its rivers are impeded by waterfalls and ice, they are of much importance to commerce, especially the St. Lawrence, which is aided by an admirable system of canals. Four main hydrographic basins can be distinguished: (1) the Atlantic; (2) the Hudson Bay; (3) the Arctic; and (4) the Pacific.

The principal Atlantic river is the St. Lawrence (2,100 miles long), which drains the most magnificent series of fresh water lakes in the world, comprising Lakes Superior, Huron, Erie, Ontario, and Michigan (the last belongs entirely to the United States). The St. Lawrence rises in the Height of Land as the St. Louis River, and flows southward into the western extremity of Lake Superior. Between Lakes Superior and Huron it is known as the Sault Ste. Marie. Its course is broken by rapids, the Sault or "Soo" being the most famous. To aid navigation, the Canadians and the Americans have constructed the Soo canals, the traffic through which in the season of navigation is immense. Lake Huron's waters are carried by the Detroit River to Lake Erie, and the Niagara River with its famous falls connects Lakes Erie and Ontario. The Welland Canal enables vessels to overcome the natural obstacles presented. Leaving Lake Ontario, the river is called the St. Lawrence. The last rapids in its course, the Lachine, are avoided by the Lachine Canal. Below Quebec the St. Lawrence widens out considerably, and the volume of water poured into the Atlantic is greater than that of any other North American river. The area of its basin is approximately 500,000 square miles.

Streams from the south, east, and west flow into Hudson Bay; and, of these, the Saskatchewan-Nelson has the greatest length (1,900 miles approximately) and drainage-area, and drains the most fertile land. Its head streams are the North and South Saskatchewan Rivers, which rise in the Rockies, and unite east of Prince Albert. The united streams flow into Lake Winnipeg, and after passing through the lake, the river is called the Nelson. Its course to Hudson Bay is winding and lake-strewn. Of its tributaries from the south, the Red River, which flows into Lake Winnipeg, is the chief.

The longest river flowing to the Arctic Ocean is

the Mackenzie (about 2,300 miles), whose sources are mainly in the Rockies. The Athabasca, rising near Mount Robson, is usually regarded as the main upper branch of the river, but the Finlay and Peace are the longest tributaries. Tributary to this great river are the Lakes Athabasca, Great Slave, and Great Bear. After leaving the Great Slave Lake, the river receives the name, Mackenzie. Its value to commerce is small, since it flows through a region of little economic importance, and its lower course is frozen for nine months of the year.

The Central Lakes System is worthy of notice. In past times, the lakes were much more extensive, and large deposits of fertile alluvium mark their previous sites. Lakes Winnipeg, Winnipegosis, and Manitoba, and the Red and Saskatchewan Rivers, occupy the area of the greatest of the previous lakes.

Rapid streams drain the Pacific area, and flow more or less directly to the ocean. The Fraser (750 miles), remarkable for its devious course, is the most important, and the Yukon (2,000 miles, 644 of which are in Canada), rising behind the Coast Range, is the longest.

Climate. Canada, naturally, exhibits many types of climate, but over the greater portion of its immense area a continental climate prevails. Latitude, altitude, direction of mountain ranges, prevailing winds, and ocean currents all play their part in determining the climates of the various regions. Six great climatic regions may be distinguished: (1) The Maritime Provinces; (2) Quebec and Ontario; (3) the Prairie Provinces; (4) the North-West Territories; (5) the Plateaux region of British Columbia; and (6) the narrow Pacific coastal belt.

The climate of the Maritime Provinces differs from that of Quebec and Ontario in its more humid nature (annual precipitation, 40 to 50 in.), its variability, its shorter springs, and its longer summers. Along the northern and eastern coasts, where Arctic currents hug the shores, fogs are common.

Quebec and Ontario have heavier snowfalls, and the climate generally is more continental than that of the Maritime Provinces. In the far southern portion of Ontario, the climate from the middle of May to the middle of September resembles that of southern France, and "Mediterranean" fruits are raised.

Perhaps the most interesting region of Canada at the present time is the Prairie Provinces, for it is destined to become one of the greatest wheat-producing areas of the world. The climate is typically "steppe"—the winters are very severe, even too cold for cereals to survive; showery springs occur with rapidly rising temperatures; and, in the late summer, extreme heat and dryness are characteristic. The normal annual precipitation (rain- and snow-fall) of Manitoba is approximately 22 in., of Saskatchewan 16 to 17 in., and of Alberta 17 to 18 in. It is important to note that the greater part of the rain falls during the growing season, and hence is particularly effective agriculturally. A feature of the climate of Southern Alberta is the effects of the Chinook winds (compare with the Foehn of Switzerland) in keeping the prairies almost bare of snow in the winter and quite bare in the early spring; and by its warmth allowing cattle to feed on the grassy tracts even in winter. The Chinook winds are moist Pacific winds, which are forced up the western slopes of the Rockies, and descend the leeward slopes warm and dry. Points of interest in the climate of Central Canada are the absence of mountains in the north, which allows the cold Arctic winds to blow

over the plains, and sometimes the wheat is nipped; the semi-arid tract of Southern Alberta and South-West Saskatchewan, lying to the south of the main line of the Canadian Pacific Railway, where ordinary farming methods cannot be pursued; the great amount of heat received from the sun in summer in the northerly tracts, which makes their average summer temperature almost equal to that of the southerly tracts (Edmonton and Calgary 59° F., Dunvegan 58° F., Fort Simpson 57° F.); and the increase in winter cold eastwards and northwards (Calgary 17.1° F., Qu' Appelle 5° F., and Winnipeg 1.7° F.; Calgary 17.1° F., Edmonton 13° F., Dunvegan 1° F.; and Fort Chippewyan 5° F.). The long summer days of the north will prove a factor of prime importance in extending the agricultural tracts.

The North-West Territories, generally speaking, possess the typically Arctic climate in the north and the sub-Arctic in the south. Cold Arctic winds and currents add to the rigours of the eastern portion, but the effects of prevalent westerly winds are seen in the warmer climate of the Yukon. Much of the North-West Territories, it would seem, must for ever be left to Indian hunters and Eskimos.

The Plateaux Region of British Columbia suffers from a small rainfall, since the moist Pacific winds are robbed of much of their moisture by the Coast Range. Many of the interior valleys have an annual precipitation of only 15 in. and under; irrigation and "dry farming" methods in agriculture are thus necessary. Extreme Continental climates are experienced on the high interior uplands.

The Pacific Coast Region has a typically oceanic climate, with small range of temperature, and great rainfall and humidity. On the coastal margins the rainfall is from 100 to 60 in. annually; eastwards it sinks to about 40 in. Westerly winds and the Kuro Siwo modify the temperature.

Nearly all parts of the Dominion have an annual percentage of sunshine of over 40, and a summer percentage of between 53 and 59. This is of great importance to agriculture. It should be noted that a considerable proportion of the precipitation of the greater part of Canada falls as snow. In Eastern Canada (Ontario) the snow (60 to 120 in. annually) is an advantage in wheat culture, since it protects the ground against severe frosts, and thus enables winter or "fall" wheats to be grown. The snowfall in Central Canada is not so great (30 to 60 in. annually), and being light and never packed, it soon goes in the early spring.

Though the Canadian winters are very severe, the dry, crisp atmosphere mitigates the effects of the cold upon man and animal, and tends to invigorate. The hard frosts make even the worst roads of the newly settled districts suitable for the haulage of grain to the elevators at the railway stations. In the Prairie Provinces, the farmer sows his grain as soon as the first 6 in. of soil are thawed, and does not trouble about the frost coming out of the ground, for the warm sun relaxes the frost and the moisture resulting feeds the young roots. Frost is also an aid in the lumbering trade of the East, since it enables the logs to be drawn more easily to the banks of the frozen streams.

Soils. The western prairie soils of Canada are renowned for their fertility. Their chief feature is the large proportion of decaying vegetable matter (humus) and its concomitant nitrogen. They contain abundant stores of the inorganic (mineral) elements of plant food, but their superiority chemically,

physically, and biologically is due to the large percentage of nitrogen-holding, humus-forming material and its intimate incorporation with the sand and clay. Highly productive soils are usually characterised by large percentages of organic matter and nitrogen. Humus is Nature's store-house for nitrogen, and its decay results in a goodly proportion of potash, phosphoric acid, and lime being set free, and thus growing crops are supplied with soil food. Another most useful property of humus is the increased moisture-holding capacity which it gives to soils; and this is of high importance in Central Canada, where the annual precipitation is rarely too ample for crop production. Nitrogen-forming bacteria find their best environment in soils rich in humus. The growth of crops depends largely upon the rate of nitrification during their vegetative period, and though temperature and moisture exert their influence, the amount of nitrates formed are materially affected by the quantity of food-supply the micro-organisms find in partially decomposed vegetable matter.

As regards the prairie soils, nitrogen may be taken as the chief index of their fertility, and the most reliable measurement of their crop-producing power. The growth of vegetation on the prairies, when the season opens, is extraordinary, and must undoubtedly be largely ascribed to the fact that very rapid nitrification takes place in the spring and early summer months, resulting from the large water content of the soils and the high temperatures prevailing.

Speaking generally, the soils are a black or greyish loam (sandy or clayey), and since from the glacial period the prairies have been practically continuously clothed with grasses and leguminous herbage, it is easy to account for the tremendous accumulation of nitrogenous organic matter with its associated mineral constituents. It should, however, be noted that though the Canadians have an accumulated legacy in their prairie soils, and the level nature of the prairies prevents much soil-erosion, conservation of the soils by rational methods of farming (fallowing and rotation) should be adopted, if this gift is to be retained in great fullness.

The winter season, characterised by its intense cold, locks up the stores of plant food from the autumn until the opening spring, thus preventing waste by leaching.

The conservation of soil moisture is exceedingly important in regions where the rainfall is on the border for successful agriculture, and where it falls below the limit. Most marked effects in yield are associated with the soil moisture available during the growing period; and thus it often becomes necessary in parts of Central Canada—notably the semi-arid region—to adopt special methods of cultivation to conserve moisture. Fallowing is the usual means adopted. By deep ploughing a reservoir for the storage of the rainfall is provided, and evaporation is checked through the formation by frequent cultivation of a dry earth mulch.

Eastern Canada and British Columbia contain many good types of soils, notably the fertile glacial soils of the Ontario "Peninsula"; the soils of the Annapolis Valley derived from Triassic sandstone; the clays of the St. Lawrence Plain; the rich, red sandstone soils of Prince Edward Island; and the rich, black, loamy soil in the low Fraser Valley. The mountainous tracts and the Laurentian and British Columbian Plateaux limit largely the agricultural tracts.

Industries and Products. Agriculture, mining, and lumbering must, for many years to come, be the mainstays of Canada. She has only a small population, and is, comparatively speaking, a new country, lacking, as yet, the high development shown by the United States, with her population of over 90,000,000. Again, the variety of vegetable products raised by Canada must be largely those of temperate climes, and hence the United States with greater varieties of climates possesses the advantage in a wider range of products.

Agriculture. Agriculture is the chief occupation of the Canadians, and the raising of cereals—especially wheat—is of high importance. Only a very small percentage of the possible tracts is cultivated, but the present rapid increase of population suggests great future growth. It would be of much interest and utility to fix approximately accurately the possible farming regions, but such factors as growth of population, climatic conditions, soil effects, and transportation facilities make the estimate practically impossible. Nevertheless, investigations (though sometimes not too scientific) clearly show that there are great possibilities of extending the cultivated area of the prairies farther to the north. As more knowledge is gained of the climate and soil of the more northerly prairie tracts, and transportation facilities are provided, it is quite conceivable that a fairly dense population will be settled in the future in those regions. Hardy cereals are being bred; methods of farming—cultivation, irrigation, "dry-farming," fallowing, and rotation—are receiving attention; experimental farms are conducting scientific experiments; many of the immigrants are experienced in farming matters; and the Government is enlightened; hence, the future of farming promises to be bright. It should, however, be borne in mind that in the far north only sporadic agriculture (or none at all) can be conducted in certain seasons (wheat sometimes matures round Dawson City); that the Laurentian Plateau is largely unproductive agriculturally; that the mountains of the west greatly prohibit agriculture, and that the heavy rainfall of the Pacific Coast is a disadvantage to cereal-growing. In spite of these disadvantages, it is not unwise to say that Canada has greater possibilities of future increase in wheat acreage than any other country on the American Continent. There are many incentives to immigration—free land is obtainable; the farmer feels secure under the prevailing system of government; transportation facilities are being fairly rapidly developed (the Grand Trunk Pacific Railway is catering for the northern tracts; the Canadian Northern is extending its system; the Hudson Bay Railway is to be constructed by the Government; and the Georgian Bay Canal, now being constructed, will shorten the route to Montreal); the Canadian Pacific Railway Company provides ready-made farms; the banks aid the farmer financially; and soil and climatic factors, combined with intelligent farming on the part of the cultivators, give rich returns.

Of all the crops raised, wheat is king, and Canada ranks second in the British Empire in the amount produced, though she was, prior to the outbreak of the Great War in 1914, surpassed by several foreign countries, notably Russia and the United States. The condition of affairs in Russia must, in all probability affect her production of wheat for many years, and the altered state of affairs will also cause a decline in United States production. The Dominion promises, however, vast expansion

in the future, and the growth of wheat territory in the Prairie Provinces during the last twenty years has been remarkable. Until comparatively recently, wheat production was mainly confined to Ontario, Quebec, and Manitoba, largely because the climate of the great North-West was not appreciated. Settlers—many from the United States—are now streaming into Saskatchewan and Alberta; and since many of these immigrants are suited to the farming conditions, and have a fair capital, future prosperity is practically assured. Spring wheat provides the bulk of the crop, and ranks very high in quality. The "steppe" climate of the prairies prevents the growth of winter wheat, except in Southern Alberta, which has a milder winter climate. In the Eastern States wheat cultivation has declined greatly during the last ten years, owing to the greater advantages (cheap and free land, soil, and climate) of the central region. British Columbia, now of minor importance in agriculture, will develop as transport facilities are provided.

Oats, barley, maize, flax, tobacco, potatoes, and roots are largely grown. Oats are raised in all the farming regions, but the crop is of most importance in Ontario and Prince Edward Island. Tobacco and maize flourish in the Lake "Peninsula," where climate and soil are suitable.

In connection with cereal production, it should be noted that the yields are higher than in the United States (doubtless mainly due to better climate and soils, and possibly better farming); that the quality is high; and that climatic and soil factors are unfavourable to wheat-growing in the Maritime Provinces.

Irrigation and "dry farming" methods largely overcome the difficulties presented to the farmers by sparse rainfalls, and thus the semi-arid regions of Canada may be exploited. A comparison and contrast of farming conditions (climatic, soil, and cultivation) in Canada and Russia will provide the reader with an interesting study. An important irrigation scheme is that of the Canadian Pacific Railway Company, by which about 3,000,000 acres of land immediately east of Calgary will eventually be watered.

Canada possesses several regions with favourable conditions for the growing of excellent temperate fruits; the most notable regions are the coastal plains of the east and west, and the Lake "Peninsula," which stretches far to the south. Fruit-growing is a very pleasant form of farming, and is rapidly growing in importance. Southern British Columbia is acknowledged to be one of the finest fruit countries in America. South of 52° north latitude all fruits of the temperate zone can be grown, and among the products now raised are apples, pears, plums, prunes, cherries, peaches, grapes, nectarines, apricots, and small fruits. Apples constitute the principal and staple fruit crop of Ontario, hundreds of car loads being shipped annually to the British markets. Commercial organisation, through the medium of co-operative packing and shipping associations, promises still further expansion of the industry. Tender fruits, such as peaches, pears, grapes, and plums, are grown where the climate and soil are suitable, as in the Lake "Peninsula." The smaller fruits, such as strawberries, raspberries, currants, gooseberries, and cherries, flourish in almost every section of Ontario. Canning factories are growing, and they enable the grower to dispose of much of his surplus product. Tomatoes are extensively grown for purposes of

canning for distant markets. Labour for fruit-growing still provides a difficulty. The fruit industry of Nova Scotia has reached a high stage of development. While apples are the most important export crop, yet large quantities of plums and cherries are raised, and a number of fruit growers have been successful with pears. On a commercial scale, the industry is confined to the counties of Hants, Kings, Annapolis, and parts of Digby, Yarmouth, Queens, Lunenburg, Cumberland, and Pictou. Among the most celebrated varieties of apples are Ribston Pippin, Blenheim-Pippin, Baldwin, and Duchess. It is interesting to know that the life of an apple tree in Nova Scotia is from 60 to over 100 years, and that the fruits of the Dominion rank very high in quality.

The Pastoral Industry. Southern Alberta is a typical ranching region, though in recent years the growing of winter wheats in certain districts has largely displaced the raising and grazing of stock, and tends to drive the pastoral industry farther to the north. Of necessity, the ranches are large, ranging from 640 to 6,400 acres. Most of them are owned by Englishmen, who had some capital to commence with, but companies operate some of the larger ones. The cattle and horses are branded with the stamp of their owners, and then they are allowed to roam at large over the plains even in winter; for the climate is comparatively mild, and the grass which grows in tufts provides good pasturage. Sheep are found in large flocks in various portions of Alberta, and give handsome returns. There are many tracts both in Central Canada and in British Columbia, that will become important pastoral regions. The Eastern Provinces rear large numbers of horses, cattle, and pigs, Prince Edward Island being noteworthy for its horses.

Eastern Canada has found that the dairying industry is, in many parts, more favourable and advantageous than cereal growing; and, hence, a good deal of attention is now paid to this industry. Even in Manitoba, Saskatchewan, Alberta, and far British Columbia diversified farming is gaining in importance. Cheese and butter factories are to be found throughout the country—in the East at close intervals, and to these most of the farmers send their milk. A favourite plan is to make cheese during the summer and butter during the winter. The cheese industry is rapidly growing, and nearly all the cheese is shipped to British markets. Canada seems destined to occupy a very high position in the dairying industry.

Poultry-raising promises great extension. The Eastern Provinces find excellent markets for poultry and eggs in the United States and Great Britain. In Prince Edward Island, the Government has established poultry-fattening stations.

Lumbering. The forest portions of Canada amount approximately to one-third of the total area. East of Winnipeg, almost the whole of the land, which is now under cultivation, was once covered by a heavy growth of timber. From the Atlantic to the Pacific, with a width varying from 200 to 300 miles, stretches the vast sub-Arctic forest, composed largely of white and black spruce. The northern limits of forest growth depend upon the length and warmth of summer, and are found to follow closely the summer isotherm of 50° F. Deciduous forests with trees of many species are found in the Maritime Provinces, Quebec, and Ontario; coniferous forests with trees of great size (the Douglas fir of British Columbia often attains the height of 300 ft. and a girth of 50

to 60 ft.) on the wet Pacific slopes; and intermittent forests occur north of the prairies. Advantageous factors in lumbering are the hard frost and snow of winter, which aid in haulage; the water power and means of communication provided by the numerous streams; the excellent quality of much of the timber; and the labour set free from the prairie farms, when winter approaches. Against these advantages must be set the difficulties of transportation in some regions and the labour difficulty at times. The wood-pulp industry is becoming of increased importance, Newfoundland showing recent development. Of famous "timber streams," the Ottawa, Saguenay, and St. John are among the chief. Ottawa, the capital of the Dominion, is the chief lumber centre. The chief timber trees are pine, oak, elm, maple, beech, birch, ash, Douglas fir, and cedar.

The Fur Industry. The whole of the northern and north-eastern parts of Canada are the resorts of the trapper and the Hudson Bay trader. The great Hudson Bay Company retained its rights of trading when it sold the whole of its vast territory, larger than Russia in Europe, to the Dominion Government. Its posts reach from the stern coasts of Labrador to the frontiers of Alaska. Among the most important fur-bearing animals are the beaver, bear (black and brown), musk-rat, marten, fisher, otter, fox (black, red, and white), lynx, mink, skunk, and wolverine. Travel in the great fur country is by dog team and snow shoes in the long winter, and by canoe along the great rivers and lakes in summer. The furs are conveyed to Fort Churchill on Hudson Bay, and by the Company's steamers to Britain, during the few months of safe navigation in Hudson Bay and Strait. Trading in furs is as large as ever, and is an important factor in the settling of the West.

The Fishing Industry. The fisheries of British North America are of prime importance, and may be divided into: (1) The Gulf of St. Lawrence and Bay of Chaleur; (2) the Bay of Fundy; (3) the Great Lakes; (4) the rivers of British Columbia; (5) the Grand Banks; and (6) the Labrador.

The Gulf of St. Lawrence and Bay of Fundy fisheries are among the oldest and most important, ranking among the great fisheries of the world. Cod, mackerel, halibut, herring, hake, and salmon are taken in immense numbers. Large quantities of lobsters and oysters are found along the north shore of Prince Edward Island.

Lake trout, whitefish, lake salmon, sturgeon, black bass, and pickerel are caught in the Great Lakes; and 3,000 men are engaged in the Lake fisheries of Ontario.

Salmon abound in many of the streams of British Columbia, the number in the Fraser and Columbia rivers being at times amazing. The canning of salmon has rapidly increased in recent years. Cod, sturgeon, and halibut are found off the British Columbian coasts, and the coastal fisheries promise to reach large proportions. Large quantities of seals are caught on the north coasts.

The Grand Banks of Newfoundland, a vast submarine plateau extending around the south and east shores of Newfoundland, are covered with a depth of from 10 to 160 fathoms of water, and are the scene of the greatest cod fisheries of the world, the ships of many nations being engaged in gathering the sea's great harvest. Naturally, the Newfoundland fishermen, with their advantages of nearness and plentiful bait, obtain an important share of the harvest. The cod season usually lasts from June to

November, and the cod are cleaned, salted, and sun-dried on stages.

Off the Labrador coasts, seal-fishing from the middle of March to the middle of April is important. Steamers and sailing-vessels, heavily manned, seek the drifting ice-floes from the north, on which the young seals have been born. In addition to the cod and seal fisheries, the Newfoundland fishermen engage in herring fishing throughout the year. The islands of St. Pierre and Miquelon are the centres of the French fisheries of the Grand Banks.

Mining. Canada has great mineral wealth, much of which remains, as yet, untouched. Coal exists in many regions. Nova Scotia raises over 6,000,000 tons of coal annually, chiefly in Cape Breton Island, and Cumberland and Pictou counties. Central Canada has a vast coal area, whose possibilities are yet to be fully ascertained. Coal is mined at Lethbridge, Bankhead, and Edmonton in Alberta; and in the Estevan district of South-East Saskatchewan. The largest coal mines of British Columbia are at Nanaimo (Vancouver Island), the Crow's Nest Pass (with Fernie as the centre), Hosmer and Corbin in East Kootenay, and in the Nicola Valley. Queen Charlotte Islands and Newfoundland possess extensive coalfields practically unworked. It should be noted that much of the coal is of excellent quality, especially the steam coal of the Pacific areas. Iron ore is mined near the coal in Annapolis County (Nova Scotia), and in Newfoundland. Large quantities of iron are raised in Ontario, mainly at Michipicoten, on the eastern shore of Lake Superior. Gold is, at present, by far the most valuable mineral product, and is widely distributed. In British Columbia the most valuable mines are in West Kootenay and the Boundary Division of Yale district. The yield originally was from placer mines (the Caribou district was then important), but lode mines are now the chief source of wealth. Discoveries of gold in 1910 in the Bear River Valley caused the mining town of Stewart to spring up. Rich deposits of placer gold were discovered on the tributaries of the Yukon in 1897, and the gold of the Klondike river gave rise to Dawson City. Expensive machinery has now to be employed in the Klondike gold region. In Ontario gold is obtained at Kenora, and near Jackfish Bay, north of Lake Superior, in the Rainy River country, and round the Lake of the Woods; in Nova Scotia, in the Stormont, Caribou, and Oldham districts; and in Quebec alluvial deposits occur in the Chaudière River. Silver is mined in large quantities at Cobalt in North-Western Ontario, and in British Columbia at the Slocan, Ainsworth, Nelson, Revelstone, and Rossland districts of West Kootenay; at Fort Steele in East Kootenay; and round Grand Forks in the Yale district. Lead and copper are also important minerals of British Columbia. Copper and nickel are largely mined at Sudbury in Ontario, and asbestos in Quebec, in the county south of the St. Lawrence. Petroleum and natural gas occur in several parts of the East and in the southern part of the prairies. Other minerals are the gypsum of Nova Scotia and New Brunswick; the mica, limestone, and marble of Quebec; the Portland cement of Ontario; and the zinc of British Columbia.

The Manufacturing Industries. As might be expected, the manufactures of Canada are as yet undeveloped; but for her population, she shows fair growth. Most of the manufactures are connected with local products, and include the sawing and pulping of timber, cotton, woollen, and leather

goods for the local markets, the making of wooden articles, agricultural machinery for the farming tracts, and flour-milling. Development in manufactures will probably come slowly, but with her vast mineral wealth, excellent water-power, and native energy, Canada should take a high place in the future.

Very large iron and steel, cement, tar, and chemical works are to be found at Sydney (Cape Breton Island); Montreal has sugar-refining and cotton factories; Quebec is the chief centre for leather goods, Ontario turns out more than half of the manufactures of the Dominion; and salmon and fruit canning are important in British Columbia.

Communications. Canada has been very progressive in improving her means of communication, and both government and people are keenly alive to the importance of transportation facilities. The St. Lawrence River and the Great Lakes, aided by a number of canals, provide a magnificent waterway, unrivalled in any other continent. Unfortunately, navigation is not possible from the end of the first week in December until the fourth week in April. For the remaining part of the year (approximately 215 to 230 days), however, the St. Lawrence route enables vessels to proceed from the Straits of Belle Isle to Port Arthur, at the head of Lake Superior, a distance of over 2,200 miles. The canals constructed between Montreal and Lake Superior, to aid navigation, are the Lachine, Soulanges, Cornwall, Farran's Point, Rapide Plat, Galops, Murray, Welland, and Sault Ste. Marie ("Soo"). Communication between Lakes Huron and Superior is obtained by means of the Canadian Sault Ste. Marie canal, and also by the St. Mary's Falls canal, situated on the United States side of the River St. Mary. From Port Colborne to Montreal, all the canals have been completed for 14 ft. navigation, and the ship channel below Montreal is 27½ ft. deep. Montreal is thus at the head of ocean navigation. Efforts are now being made to shorten the route from Montreal to Port Arthur, and to lessen traffic congestion by the construction of the Georgian Bay Ship Canal, from the French River on the Georgian Bay to Montreal—a distance of about 440 miles. The depth of the canal is to be 22 ft., and this is sufficient to accommodate the largest vessels in the lake-carrying trade. Navigation now ends at the head of Lake Superior, but the future may see the waterway extended to Winnipeg, and possibly to the foot of the Rockies for small barges; since the existing rivers and lake would render great aid. The Canadian Government engineer asserts that the waterways from Winnipeg to Hudson Bay could be canalised, and some Canadians picture ocean ships in the future loading grain at Winnipeg for Liverpool via Hudson Bay. Though Canada possesses a splendid system of waterways, the severe winters must always add to the importance of the railways. There are five great railway systems in Canada—the Inter-Colonial, the Canadian Pacific (continually sending out branches), the Grand Trunk Pacific, the Grand Trunk (Canadian), and the Canadian Northern. The Inter-Colonial connects Montreal (the summer port and commercial metropolis) with the winter ports of St. John, Halifax, and Sydney in the Maritime Provinces. The Canadian Pacific Railway connects Halifax and St. John with Quebec and Montreal. From Montreal it runs through Sudbury to Port Arthur and Fort William (terminal points for the grain traffic), over the prairies through Winnipeg and Regina, and on

over the Kicking Horse Pass to Vancouver on the Pacific. The Grand Trunk Pacific Railway is catering for the traffic of the more northern and less developed tracts of the Prairies, Eastern Canada, and British Columbia. It connects the cities and many of the towns of Eastern Canada, its summer port being Montreal, and its winter port, Portland (Maine). When completed, this trans-Continental line will extend from Quebec westward through the undeveloped portions of Quebec and Ontario to Winnipeg, then on to Edmonton, and over the Yellowhead Pass to Prince Rupert on the Pacific (a possible great port of the future). Eastwards from Quebec the line will proceed to a junction with the Inter-Colonial at Moncton, New Brunswick. The main line of the Canadian Northern extends from Port Arthur through Winnipeg to Edmonton; but it has lines in the Eastern Provinces, which, with future construction in the west and linking in the east, will give a third trans-continental line. There is also the Great Northern (a United States' railway), which has built branches in Central Canada, and promises extension. A future route of importance will be the Hudson Bay Route. A railway is to be built by the Canadian Government from Pas Mission to Fort Churchill, and ocean ships can then convey the prairie products from that port through Hudson Bay and Strait to Europe. Authorities are agreed that this route is safe for navigation from early in July to early in November. The future promises by means of the new routes (the Pacific and Panama Route—the Grand Trunk Pacific and Canadian Pacific—the Georgian Bay Route, and the Hudson Bay Route) to bring the prairie wheatfields in nearer touch with their markets, and to relieve traffic congestion during the height of the crop-producing season.

Roads are good in the more settled parts of Canada; and, though in the newer districts of the prairies they are mere tracks, the winter frosts make even the prairie trails useful for sledge traffic, and they are utilised by the farmers in getting their grain to the elevators. It may with justice be said that as far as Canada's future development depends on transportation facilities, it will be bright.

Commerce. The exports of Canada are the products of agriculture, the pastoral industry, the extractive industries, hunting, and a few manufactured goods, notably agricultural machinery. Wheat, dairy produce, wood and wooden goods figure prominently in the exports. Live cattle, sheep, meat, cereals, fruit, fish (salmon, cod, and lobster), minerals (gold, coal, copper, silver, and nickel), furs, hides, and skins are other important exports. The chief imports are iron and steel goods; cotton and woollen goods; sugar, coal, tea, glass, tobacco, drugs, and chemicals. It should be noted that many exported products of the United States are exported by Montreal in the summer, the goods being transported through Canadian territory "in bond"; and that in winter the eastern ports of the United States export much Canadian produce, which, likewise, passes through the territory of the United States "in bond." Most trade is with the United States and Great Britain, followed by the Australasian, African, West Indian, and East Indian Colonies; Germany, France, Belgium, Japan, South America and China. The development of the Pacific trade prior to the outbreak of the war in 1914, the railways heading for the Pacific, and the pre-war increase in the Atlantic service, show that Canadian overseas trade is destined to become

still more important now that the great struggle of 1914-18 has come to an end. There are many excellent harbours in Canada, provided by the drowned coasts, but the severity of the climate in the north precludes their use. The chief ports are Montreal and Quebec (summer ports); Halifax, St. John, and Sydney (winter ports); and Vancouver and Prince Rupert (Pacific ports with increasing trade). Portland (Maine), Boston (Massachusetts), and New York act as winter ports.

Trade Centres. The trade centres are the ports; and the agricultural, mining, lumbering, and pastoral centres. Seven towns have populations exceeding 100,000: Montreal (750,000), Toronto (475,000), Winnipeg (165,000), Quebec (120,000), Ottawa (110,000), Hamilton (110,000), and Vancouver (165,000). (These figures are appreciative, as the increase is very rapid.)

Montreal (750,000, with suburbs), the largest city and commercial metropolis of Canada, is situated on an island in the St. Lawrence, at the head of ocean navigation. Its position has made it a great railway centre; the C.P.R., Grand Trunk, and Grand Trunk Pacific serve it. Commanding supplies of raw material, Montreal has become the great manufacturing centre of the Province of Quebec; and has shown recent development in the manufacture of railway engines and plant. The great growth of Montreal is largely the result of excellent communications—westwards by rail and lakes to the prairies and the Pacific; eastwards by river and rail to the eastern ports and Europe; and south-eastwards by rail and canals to the United States.

Toronto (475,000), the capital of Ontario, and the financial, commercial, and industrial rival of Montreal, stands on the northern shore of Lake Ontario. The city has many manufactures, and during the open season it is the centre of a busy lake steamboat traffic. Many handsome buildings have been erected, and the recent transmission of hydro-electric power, generated at the Falls of Niagara, is a great aid to manufactures.

Winnipeg (165,000), the capital of Manitoba, "the Keystone of Canada," and the "Buckle of the Wheat Belt," is situated at the confluence of the Red River with the Assiniboine. Its great growth since 1870, when its population was less than 300, must be assigned to the fact that it is the natural distributing and commercial centre of the Canadian North-West. Winnipeg's chief trade is in grain (wheat being chief), wool, hides, and timber. The C.P.R., Grand Trunk Pacific, Canadian Northern, and Great Northern all serve it.

Quebec (120,000), the oldest city of Canada, and the capital of Quebec province, is situated at the confluence of the Charles River with the St. Lawrence. The deepening of the ship channel to Montreal has, naturally, checked its commerce. Its leather and timber industries are important. Most of the population speak French, and its citadel, the "Gibraltar of America," recalls to the mind Wolfe's famous victory.

Ottawa (110,000), the capital of the Dominion, is situated on the south bank of the Ottawa River in Ontario. It is the centre of the greatest water-power in British North America, and the shipping point of a vast lumber district. Its communications by rail, river, and canal are good.

Vancouver (165,000), the western commercial metropolis and mainland terminus of the Canadian Pacific Railway, situated on the south shore of Burrard Inlet, possesses one of the best harbours on the Pacific coast, and is in regular steam

communication with the Far East and Australasia. It has sugar-refining, engineering, smelting, and saw-milling works.

•*St. John* (52,500), the largest town and chief seaport of New Brunswick, stands at the mouth of the St. John River. It has an excellent harbour, which is kept clear of ice by the high tides; and its winter trade is of great importance. Its manufactures include boots, clothing, and cotton goods.

Halifax (47,000), the capital of Nova Scotia and the chief naval station of British North America, is situated about the middle of the south-east coast, on a splendid natural harbour, which is, in most years, free from ice during the winter. The town is in easy reach of the coalfields, and is an important railway terminus.

Victoria (45,000), the capital of British Columbia and the oldest town of the province, is situated on the south-east of Vancouver Island. It shares with Vancouver in the northern and interior trade; and its shipping, mining, lumbering, sealing, and fishing interests are considerable.

Fredericton (9,000), the capital of New Brunswick, is at the head of navigation for steamers on the St. John River. Its tanning industry is aided by the local supply of hemlock spruce bark.

Regina (50,000), the capital of Saskatchewan, is situated on the main C.P.R. line, 360 miles west of Winnipeg. It is the centre of a large wheat-growing district, and the headquarters of the North-West Mounted Police.

Calgary (70,000), the chief town of Southern Alberta, lies in the Bow River Valley, 840 miles west of Winnipeg, on the main line of the C.P.R. Its future prospects are very hopeful.

Edmonton (70,000), the capital of Alberta, stands high up on the banks of the Saskatchewan, and forms the portal to the Last West and the New North. Railway construction (Canadian Northern and Grand Trunk Pacific) will give it a vast future trade. It has a large meat-packing plant.

Sydney (18,000), on Cape Breton Island, has a large trade in coal, and very large iron and steel, cement, tar, and chemical works. It possesses an excellent harbour, which is almost ice-free throughout the year.

Charlottetown (12,000), the capital of Prince Edward Island, is situated on the south coast, and possesses a splendid harbour.

Hamilton (110,000) is situated upon a plain, which rises gradually from the shores of Burlington Bay, a beautiful land-locked harbour at the head of Lake Ontario. It is one of the most important manufacturing towns of Ontario, its leading industries including iron foundries, the manufacture of agricultural machinery, and steel and steel goods. Shipping facilities by water and rail are excellent.

London (55,000), the centre of one of the finest farming districts of Ontario, is situated on the Thames River. Its manufactures include agricultural implements, cars, and furniture.

St. John's (42,000), the capital of Newfoundland, is situated on the east side of Avalon Peninsula, at the head of a fine land-locked harbour. Its fishing industry is important. Nearness to Europe and future railway construction may make it an important port.

Port Arthur (15,000) and *Fort William* (18,000), situated on the western shore of Lake Superior, are important elevator centres, shipping such grain. Their chief industries are mining, fishing, milling, and lumbering.

Brandon (11,000) is situated at the junction of the Assiniboine with the little Saskatchewan, 132 miles west of Winnipeg, and is an important grain market.

Other trade centres are: (1) In *Nova Scotia*—Yarmouth (fishing and shipping port); New Glasgow (coal centre); Truro (farming centre); and Louisburg (ice-free port in Cape Breton Island).

(2) In *New Brunswick*—Moncton (railway and manufacturing centre), and Chatham (port).

(3) In *Quebec*—Hull and Sherbrooke (manufacturing centres); Three Rivers (head of tidal waters); and Farnham (agricultural machinery).

(4) In *Ontario*—Sudbury (mining centre); Sault Ste. Marie (manufacturing centre); Kenora (milling centre); Kingston, Peterborough, and St. Thomas (manufacturing centres); Guelph (educational centre); and Owen Sound and Collingwood (Lake ports).

(5) In *Manitoba*—Portage la Prairie and Souris (grain centres).

(6) In *Saskatchewan*—Moose Jaw (milling centre); Saskatoon, Indian Head, Qu'Appelle (farming centres); and Prince Albert (lumbering centre).

(7) In *Alberta*—Lethbridge (coal mining centre); Medicine Hat (ranching and mixed farming centre); and Macleod (growing farming centre).

(8) In *British Columbia*—Esquimalt (port); New Westminster (the first capital, now a fishing and lumbering centre); Nanaimo (coal centre of Vancouver Island); Rossland (gold mining centre); Kamloops (cattle market and lumbering centre); and Prince Rupert (G.T.P. terminus and future great port).

(9) In the *Yukon Territory*—Dawson City (gold mining centre).

(10) In *Newfoundland*—Harbour Grace (second town); and Nain and Hopedale (fishing stations on the Labrador coast).

People and Government. The Dominion of Canada includes the whole of British North America, with the exception of Newfoundland territory. In 1867, Quebec, Ontario, Nova Scotia, and New Brunswick united; Manitoba and the North-West Territories were added in 1870; British Columbia followed in 1871; and Prince Edward Island in 1873. Alberta and Saskatchewan were proclaimed provinces in 1905. The Dominion is a federation of self-governing Colonies associated for common interests, the common government consisting of a Governor-General (appointed by the British Government for five years), a Senate of eighty-one members (appointed by the Crown for life on the advice of the Canadian Privy Council), a House of Commons of 213 members (elected for five years), an Executive Ministry of thirteen or more members, and a Dominion Judiciary. The Canadians, though largely of British descent, yet include many representatives of European natives (notably the French in Quebec), and a few Indians and Eskimo (Innuits). Good government and the love of the home-land make the Canadians true to the Mother-country, even when approached with tempting offers. This was shown particularly in the General Election of September, 1911, and more particularly during the Great War, 1914-18.

Canada early joined the Imperial Penny Postage but owing to the increase of the rates of postage during the war letters are sent to Canada, as to all other British Dominions, at the rate of 1½d. for the first ounce, and 1d. for each additional ounce or fraction of an ounce. Mails are despatched in normal times about three times a week. Ottawa

is 3,540 miles from London, and the time of transit is a little over six days. Other important cities are in close communication, the time of transit depending upon the longitude.

CANADA BALSAM.—Not really a balsam at all, but a kind of turpentine. It is obtained by incision from the bark of the *Pinus balsamea*, a native of Canada and the northern parts of the United States. It consists mainly of resin and about 20 per cent of a volatile oil. It is yellow in colour, and has an agreeable odour and a bitter taste. It was formerly used in medicine, but is now mainly employed for making varnishes, for mounting microscopic specimens, and by opticians for cementing glasses. Owing to its transparency and a refractive power nearly equal to that of glass, its value for the last-named purpose is particularly great.

CANALS.—A canal is an artificial channel filled with water, which, in modern times, is usually formed in order to make a cheap and easy means for the conveyance of goods. Canals have sometimes been made for the purposes of irrigation and of supplying towns with water. The canals by which ancient Egypt was intersected were used for the purposes of both navigation and irrigation. Canals date from a period long anterior to the Christian era, and were employed as a means of irrigation and communication by Assyrians, Egyptians, and Hindus, also by the Chinese, whose works of this kind are said to be unrivalled in extent, one of them, the Imperial Canal, having a length of about 1,000 miles. For the most part, however, these early canals were of one uniform level, and hence exhibit no great skill or ingenuity, and the moderns were content to follow the rudimentary efforts of the ancients in this way until the fifteenth century, when the invention of the lock—showing how canals might be generally and advantageously used for inland navigation in countries whose surface was irregular—gave a great impulse to this branch of engineering. Great doubts exist as to the person, and even the nation, that first introduced locks. Some writers attribute their invention to the Dutch, holding that nearly a century earlier than in Italy locks were used in Holland, where canals are very numerous, owing to the favourable physical conditions. On the other hand, the contrivance has been claimed for engineers of the Italian school.

The Languedoc Canal, joining the Bay of Biscay and the Mediterranean, may be regarded as the pioneer of the canals of modern Europe. It is 148 miles long, and rises 620 ft. above sea-level, with 119 locks, its depth being about 6½ ft. It was designed by Baron Paul Riquet de Bonrepos (1604-1680), and was finished in 1681. With it and the still earlier Briare Canal (1605-1642) France began that policy of canal construction which has provided her with over 3,000 miles of canals, in addition to over 4,600 miles of navigable rivers. In England the oldest artificial canal is the Foss Dyke, a relic of the Roman occupation. It extends from Lincoln to the river Trent, near Torksey (11 miles), and formed a continuation of the Caer Dyke, also of Roman origin, but now filled up, which ran from Lincoln to Peterborough (40 miles).

Improvements of the rivers of the United Kingdom for purposes of navigation have been made from early times. The history of artificial waterways, that is to say, of canals as distinct from canalised rivers, may be said to begin with the construction of the first Bridgewater Canal from

Worsley to Manchester, opened on July 17th, 1761. In 1759 the Duke of Bridgewater obtained powers to construct a canal between Manchester and his collieries at Worsley, and this work, of which James Brindley was the engineer, was followed by a period of great activity in canal construction, which, however, came to an end with the introduction of railways. According to evidence given before the Royal Commission on Canals in 1906, the total mileage of existing canals in the United Kingdom is 3,901.

In the early days of canal construction, canals were mostly of the class known as barge or boat canals, and were only suitable for small vessels, but with the growth of commerce the dimensions of new canals were enlarged so as to enable them to accommodate sea-going ships. Such ship canals have mostly been constructed either to shorten the voyage between two seas by cutting through an intervening isthmus, or to convert important inland places into seaports. Of the first class are the Caledonian Canal, the Suez Canal, the Kaiser Wilhelm, the Kiel Canal, and Panama Canal. Examples of the second class are the Manchester Ship Canal and the canal that runs from Zeebrugge on the North Sea to Bruges.

From the beginning, goods could be conveyed by canal far more cheaply than by road. Before the Bridgewater Canal came into existence, the cost of carriage between Manchester and Liverpool was 12s. the ton on the Mersey and Irwell river navigation and 40s. the ton by road. On some of the canals, such as the Bridgewater, the Leeds and Liverpool, the Rochdale, the Forth and Clyde in Scotland, the Grand Canal in Ireland, etc., there were at one period regular passenger boats running. On the last mentioned canal 100,695 travellers travelled in packet boats in 1837. In a pamphlet published in 1770, advocating the scheme of the Leeds and Liverpool Canal, it was stated that "Merchandise from Leeds to Liverpool, which is often three weeks or more in conveying by land at the expense of £4 10s. a ton, and subject to damage, would be carried by these boats in the utmost safety, in three days, at the expense of 16s. a ton." In those days, canals had over the road the advantage not only of economy, but of speed in the transport of goods. Waterways had in these earlier times another advantage in the competition for long-distance trade. The sea competition was carried on by sailing-ship coasters, and this gave to inland waterways an advantage which they lost when steamships came in. When a ship might be prevented for weeks by adverse winds from carrying goods by sea from Liverpool or Bristol to London, and, at best, no punctuality of arrival could be predicted, the advantages of regularity and punctuality were on the side of inland barges, although so far as regards tonnage a ship might carry more cheaply.

There is evidence that much traffic then crossed England by canals which now goes not by canal, nor in many cases by railway, but by sea. For this reason, and in the absence of railways, the long-distance trade over canals was then very considerable. The flourishing period in the history of waterways came to a gradual end as the railway era advanced. When railways were being constructed in England some canal companies were alarmed for their future, and sold their canals to the railway companies, who, in 1906, owned 1,138 miles of canals out of a total length in the United Kingdom of 3,901 miles. As some of these canals are links



CANALS OF ENGLAND

(Rivers are navigable to the bar —)

KEY

- 1 Lancaster Canal
- 2 Leeds & Liverpool
- 3 Aire & Calder Navig.
- 4 Huddersfield
- 5 R. Don Navigation
- 6 Foss Dyke Navig.
- 7 Trent & Mersey
- 8 Shropshire Canal
- 9 Shropshire Union
- 10 Oxford Canal
- 11 Thames & Severn
- 12 Kennet & Avon
- 13 Gr. Western Canal
- 14 Bude & Launceston
- 15 Wey & Arun Canal
- 16 Grand Junction C.
- 17 Bedford River
- 18 Royal Military
- 19 Manchester Ship.

in the chain of internal water communication, companies have frequently arisen on the question of through traffic and tolls. The Association of Chambers of Commerce and other bodies having taken up the matter, a royal commission was appointed in 1906 to report on the canals and waterways of the kingdom, with a view to considering how they could be more profitably used for national purposes.

Many, however, still continue to prosper, as, for instance, the Grand Junction, the Lea Navigation, and the Trent and Mersey. The traffic, and generally the rights, duties, and liabilities of canal companies, are regulated by the Canal Tolls Act, 1845, the Railway and Canal Traffic Act, 1854, the Regulation of Railways Act, 1873, and the Railway and Canal Traffic Act, 1888. The Railway and Canal Traffic Act, 1854, imposes the obligation on both railway and canal companies to make adequate provision for receiving and forwarding traffic without unreasonable delay, and without granting any undue preference to any person or company in connection therewith. Canal companies, too, in the same way as railway companies, having or working canals forming part of a continuous line of communication, or which have the terminus or wharf of the one within 1 mile of the terminus or wharf of the other (except termini or wharves within 5 miles of St. Paul's), are bound to afford due and reasonable facilities for receiving and forwarding all the traffic arriving by one of such canals by the other. Persons complaining that such facilities are not granted may apply to the Railway Commissioners for an order requiring them to be given. Companies are made liable for loss occasioned by the neglect or default of their servants in the carriage of animals and goods, subject to the power of companies to make just and reasonable conditions in connection with the receiving, forwarding, and delivery of such traffic; and, further, subject to this, that no greater damages shall be recovered against a company for the loss of, or injury done to, any animals beyond the following sums, that is to say, for any horse, £5, for neat cattle, per head £15, and for any sheep or pigs, per head, £2, unless a greater value has been declared by the sender. Every railway and canal company must keep at their stations or wharves a book showing every rate for the time being charged for the carriage of traffic from each station or wharf to any place to which the company book traffic, including rates charged under any special contract, as well as a statement of the distance from that station or wharf to every other station or wharf to which any such rate is charged. These books of rates must be open to public inspection without payment. The Railway Commissioners may require companies to distinguish the component parts of the rates charged, so that traders may know how much is charged for conveyance and how much for other expenses, and they have power to fix terminal charges in case of dispute.

CANARY.—This well-known cage bird owes its name to the Canary Islands, from which it originally came, and where, as well as in Madeira, the wild variety still flourishes. Many varieties are reared in England: the Norwich, the Yorkshire, the Lancashire, and the London being well-known breeds, differing in colour, size, and shape. There are also large importations from the Continent, especially from the Tyrol.

CANARY SEED.—The small seeds of the *Phalaris*

canariensis, or Canary Grass. It is the ordinary food of canaries, and is imported from Spain, Portugal, Morocco, and Turkey. Canary seed is also used for the preparation of a fine flour, which is valuable in finishing silk fabrics.

CANARY WINE.—A light wine from the Canary Islands, now displaced by Madeira. The wines known as "canary port" and "canary sack" are made in Spain.

CANCEL. This means to render a document of no legal effect or validity. In dealing with a document (such as an agreement) in commercial matters, it is the usual custom to write the word "cancelled" across it, and to append the signatures of the parties. Any simple contract agreement can be cancelled in this manner, the giving up of his rights by one party being a sufficient consideration for the release of the other party. A new contract has, in fact, been made, for which, as is well known, a consideration is necessary to render it valid in law, and this is the manner in which it is made effectual. If it is a case of a contract by deed, this procedure is impossible. A deed can only be destroyed as to its effect by another deed. The difficulty, from the point of the stamp duty (for the deed would require a 10s. stamp) is overcome by the parties entering into a short agreement by which each of them undertakes to execute a deed if called upon to do so. This agreement needs to be stamped with a 6d. stamp only, and unless differences arise, the deed is never heard of. The agreement can always be relied upon.

CANCELLATION OF BILLS OF EXCHANGE.

A bill of exchange is discharged when it is intentionally cancelled. The Bills of Exchange Act, 1882, Section 63, provides:—

"(1) Where a bill is intentionally cancelled by the holder or his agent, and the cancellation is apparent thereon, the bill is discharged.

"(2) In like manner any party liable on a bill may be discharged by the intentional cancellation of his signature by the holder or his agent. In such case any indorser who would have had a right of recourse against the party whose signature is cancelled, is also discharged.

"(3) A cancellation made unintentionally, or under a mistake, or without the authority of the holder, is inoperative; but where a bill or any signature thereon appears to have been cancelled, the burden of proof lies on the party who alleges that the cancellation was made unintentionally, or under a mistake, or without authority."

In those cases where a bill or a cheque has been accidentally cancelled by a banker, a note should be made near to the cancellation that it has been "cancelled in error," or "cancelled by mistake," and the banker who has made the cancellation should add his signature or his initials.

Upon the payment of a cheque, it is the usual practice to cancel the signature of the drawer by marking it through with ink, and the day of payment is either written, stamped, or perforated on the cheque. Different banks adopt different methods of doing this.

When a bill is paid, the signature of the acceptor is cancelled. In the case of a dishonoured bill, a banker generally cancels his own indorsement.

The cancellation should be made decisively, but it is not necessary to render the signature illegible.

CANCELLATION OF STAMPS.—Section 8 of the Stamp Act, 1891, provides as follows:—

"(1) An instrument, the duty upon which is

required or permitted by law to be denoted by an adhesive stamp, is not to be deemed duly stamped with an adhesive stamp, unless the person required by law to cancel the adhesive stamp cancels the same by writing on or across the stamp his name or initials, or the name or initials of his firm, together with the true date of his so writing, or otherwise effectively cancels the stamp and renders the same incapable of being used for any other instrument, or for any postal purpose, or unless it is otherwise proved that the stamp appearing on the instrument was affixed at the proper time.

"(2) Where two or more adhesive stamps are used to denote the stamp duty upon an instrument, each or every stamp is to be cancelled in the manner aforesaid.

"(3) Every person who, being required by law to cancel an adhesive stamp, neglects or refuses duly and effectually to do so in the manner aforesaid, shall incur a fine of £10."

If any bill of exchange, payable on demand or at sight, or on presentation, or not exceeding three days after date or sight, is presented for payment unstamped, the person to whom it is presented may affix thereto an adhesive stamp of 2d. and cancel the same. The amount of the stamp may be deducted from the amount of the cheque or bill, or charged in account.

CANCELLED CHEQUES.—When a cheque is paid, it becomes the property of the drawer, but the banker is entitled to keep it as a voucher till the account is settled, or the customer agrees that the entries in the pass-book are correct. A paid cheque is useful evidence, in the event of an action at law being brought against the drawer for the amount, of the payment of the money. It is also evidence on behalf of the banker that he has repaid money belonging to the drawer, to the amount of the cheque.

It is the practice of many London bankers to return cancelled cheques to a customer each time he gets his pass-book, and these are placed in the pocket of the pass-book.

In most country banks, however, the paid vouchers are not, as a rule, given up to customers, unless specially asked for. In cases where they are given up, an acknowledgment is obtained from the customer that the entries in the pass-book are correct, or a confirmation of the balance is taken.

The cancelled cheques of each customer are usually kept in separate bundles, sorted in order of date of payment, each bundle containing the vouchers for three, six, or twelve months, as may be most convenient. The paying in slips are retained by the banker and are not given up with paid cheques. They are sorted either along with the cheques, or in separate bundles.

If a cancelled cheque is required as evidence in a court of law, the drawer, as being the owner of the paid cheque, although it is in the custody of the banker, must take steps to obtain it from the banker. This, in practice, would never be refused, if a receipt is given to protect the banker. A refusal to hand over a cheque would necessitate the service of a subpoena upon the banker to produce it. (See **CANCELLATION OF BILL OF EXCHANGE**.)

CANDIA.—(See **CRETE**.)

CANDLE.—A rod of wax or other fatty substance surrounding a wick, used for lighting purposes since the second century. Candles of wax are now rarely used, except in religious worship, their place having

been taken by others made of spermaceti, paraffin (obtained chiefly from bituminous shale), tallow, or stearine. Stearine candles are very common on the Continent. They are manufactured from animal and vegetable fats, and generally from a mixture of tallow and palm oil. Wicks are made for the most part of plaited or twisted cotton yarn. The process of manufacture varies with the different substances. Moulding is the usual method employed, but cannot be adopted in the case of wax candles, as the wax adheres to the mould. These are, therefore, manufactured by a process of basting and rolling. The wax is poured over a series of wicks suspended from a ring rotating horizontally over a cauldron. The candles are afterwards rolled between malleable slabs and trimmed with knives. The commonest candles are made by dipping, the wicks being repeatedly dipped into the melted tallow until the required thickness has been attained, hence the name "dips." The moulds used in the manufacture of stearine, paraffin, and spermaceti candles are made of pewter or glass, and arranged in a wooden frame. The wicks are stretched through them and the fatty substance is then poured in. Machinery has now been introduced for the whole process of manufacture, and 100 candles can be moulded at one time. Ornamental patterns, however, must still be made by hand. Coloured candles are produced by means of aniline dyes.

CANDLEBERRY.—Known also as the candleberry myrtle, wax tree, wax myrtle, and tallow tree. It is a native of the United States, but has been naturalised in South Africa. The fruit is covered with greenish white wax, which is useful in commerce for the manufacture of scented soap and candles. The latter burn slowly with a small light and little smoke, and give out an agreeable odour.

CANDLEMAS.—Candlemas Day is the day upon which the Roman and Anglican Churches commemorate the Purification of the Virgin Mary. This is fixed on February 2nd. In secular matters it is mainly known in Scotland as being the first of the Scottish Quarter Days. It is a common superstition in Scotland that the state of the weather on this day determines the general weather of the spring season. The other Scottish Quarter Days are Whitsun on May 15th, Lammass on August 1st, and Martinmas on November 11th.

CANE.—The general name applied in commerce to the reed-like stems of various grasses and palms, such as the bamboo and the sugar-cane, though its application should really be confined to the various species of rattan palms, so common in India and the East generally. Large quantities are imported into Great Britain for the manufacture of baskets and chairs. The walking-sticks known as "canes" and cane umbrella sticks are made of a palm with a thicker stem, namely, Malacca, though the name is sometimes loosely applied to articles of other origin.

CANE SUGAR.—(See **SUGAR**.)

CANNEL-COAL.—Also called candle-coal. (See **COAL**.)

CANTAR.—(See **FOREIGN WEIGHTS AND MEASURES—EGYPT**.)

CANTARO.—(See **FOREIGN WEIGHTS AND MEASURES—TURKEY**.)

CANTHARIDES.—Blister beetles, of which the *Lytta vesicatoria*, or "Spanish fly," is the chief European species. They are chiefly imported from Hungary. The insects are preserved in vinegar, dried, and reduced to a fine powder, which is of

great medicinal value owing to its chief constituent "cantharidine," which is a crystalline substance forming the chief ingredient of all blistering fluids, and of most stimulating hair lotions. It is mainly employed externally as a plaster or ointment for the relief of neuralgia, congestion, etc. The tincture of cantharides is prepared for internal use, but as it is extremely poisonous, great care must be taken not to exceed the medicinal dose prescribed.

CANVAS.—A heavy, coarse cloth made of flax, jute, hemp, or cotton. Tents and sail-cloths are made of the coarser varieties, but cotton-duck is sometimes used for the sails of racing yachts. The finer sorts are employed in fancy needlework. Artists' canvas is made from flax like all the better varieties. It is pummed, or grounded, a neutral grey before being painted on. There are certain recognised sizes, varying from kit-cat, which is 28 in. by 36 in., to Bishop's whole length, which is 58 in. by 94 in. France is the chief seat of manufacture, the canvas for needlework and tapestry being made at Beauvais and Paris, while the other varieties come from Flers, in the department of Orne.

CANVASSING.—The act of going about from place to place, or from house to house, seeking customers for goods, wares, or merchandise. The word is still frequently used as indicating a method of obtaining orders, but its more general application is confined to the ascertainment of the particular views and leanings of persons in a political sense.

CAOUTCHOUC.—Generally called indiarubber, as it was long used only for erasing pencil marks. Caoutchouc is an important elastic gum, obtained as an exudation from numerous tropical trees native to South America, which still supplies the largest quantities, although rubber trees are now largely cultivated in Africa, and in the East and West Indies. The milky juice thickens on exposure to the air, and the process of coagulation is hastened by means of the heat and smoke of a wood fire, to which the brownish colour is due. Crude rubber is tenacious and elastic; it becomes soft and sticky when heated, and hardens when cooled. Owing to its waterproof qualities it was used by Charles Macintosh for waterproofing cloth; but the "mackintoshes" thus manufactured were unsatisfactory, owing to their unpleasant odour and to the above-mentioned influence of temperature.

Vulcanised caoutchouc is a mixture of caoutchouc and flowers of sulphur, sulphide of antimony, zinc oxide, chalk, or lamp-black, and is red, black, or white in colour, according to the constituents. It is more elastic and less porous than raw rubber and is used for a large variety of purposes. Amongst these may be mentioned springs and buffers, waterbeds, hot-water bottles, air-cushions, gas and water pipes, fire hose, door mats, dolls, machine belting, tyres, and all sorts of waterproof coverings. If the quantity of sulphur in the vulcanised mixture is increased, an entirely new substance is produced, called ebonite or vulcanite. It is black, hard, horny, and capable of a high polish. It is employed for electrical appliances, being an excellent non-conductor of electricity, and also in the manufacture of chemical apparatus, stethoscopes, speaking tubes, toys, and of various other articles.

CAPACITY.—(See **CONTRACT**.)

CAPACITY OF PARTIES TO BILL OF EXCHANGE.—A bill of exchange is a species of contract, and the general law of contracts is applicable to it. There are, however, some particular points which require special examination. The

capacity and authority of parties are dealt with in Sections 22-26 of the Act, the general rule being laid down that "capacity to incur liability as a party to a bill is co-extensive with capacity to contract." This applies to a party to a bill, whether he is a drawer, an acceptor, or an indorser. A distinction must be noticed between capacity and authority. The capacity of a person is a creation of law, and a want of capacity is an incurable defect. Authority is created by the parties themselves, and is a question of fact. Thus, although an infant is, generally speaking, without capacity to contract, he may be appointed as agent, and have authority to act as agent on behalf of his principal. And even though a person may not have authority to enter into a contract in the first instance, his conduct may be ratified afterwards by his principal. It is the general opinion, although the point is not quite free from doubt, that capacity to enter into ordinary mercantile contracts is governed by the law of this country when the contract is made in England. (See **CONFLICT OF LAWS**.)

Infants. An infant is never liable personally upon a bill of exchange in any capacity, even though the bill is given by him as the price of necessities supplied. He can only be sued upon the consideration; and an adult cannot be sued upon a bill given in respect of a debt contracted during infancy, as this amounts to a ratification of the debt, and is contrary to the provisions of the Infants Relief Act, 1874, but this latter case only applies, probably, to a person who takes a bill with a full knowledge of the circumstances. It is presumed that a holder in due course (*q.v.*) would not be prejudiced in any action he instituted. It is well known that a bill may be antedated. The mere fact that an adult accepts a bill which is dated prior to the attainment of his majority will not constitute a defence in an action on the instrument, if in fact it was signed after the attainment of his majority. But if an infant accepts a bill before he comes of age, even though it is payable after he attains the age of 21, or draws a cheque under similar conditions, and post-dates it so as to make it payable after the attainment of his majority, no action can be maintained on the instrument, even by a holder for value. Where there are several persons jointly named in a bill, as drawers, acceptors, or indorsers, and one of them happens to be an infant, though the infant cannot be sued, the other persons are liable, and an action may be instituted against them, the name of the infant being excluded. The defence of infancy will not prevail if the infant has induced another party to enter into a contract with him by representing himself to be of full age. Infancy is a privilege, and cannot be abused; but in some respects an infant has a distinct advantage. If he becomes the holder of a bill he is perfectly entitled to sue upon it. He can, moreover, be authorised to act as an agent and have authority to add his name to a bill. He does not, of course, become liable personally upon the bill: the liability is that of his principal. An infant's signature in any way does not destroy the validity of a bill, if such signature happens to be placed thereon. "Where a bill is drawn or indorsed by an infant, minor, or corporation having no capacity or power to incur liability on a bill, the drawing or indorsement entitles the holder to receive payment of the bill, and to enforce it against any other party thereto" (Sec. 22, ss. 2).

Married Women. The incapacity of a married

woman has been removed by the Married Women's Property Act, 1882. She can now draw, accept, or indorse a bill just as though she were a single woman, and be liable upon it. If, however, she is sued and judgment obtained against her, the judgment can only be enforced against her separate estate. Since the passing of the Married Women's Property Act, 1893, it is immaterial whether she was or was not possessed of separate estate at the date of the signing of the bill. This applies to English law. The capacity of a married woman in Scotland is not so extensive as in England.

Corporations. The capacity of a corporation or of a company to contract depends generally upon the purposes for which it was formed, as set forth in the statute, charter, or memorandum of association by which it was constituted. If it exceeds its powers in this respect it is said to act *ultra vires*, and any such contract entered into is absolutely void. Speaking generally, however, it may be laid down that a corporation formed for the purpose of trading has capacity to incur liability upon bills of exchange. In other cases the capacity must be expressly given.

Lunatics and Drunkards. The contracts of a lunatic are voidable and not void. Consequently, lunacy may be set up as a defence to a bill, unless the bill was given during a lucid interval, or the transaction ratified during such interval, but the defence of lunacy is only available between immediate parties. It is of no avail against a holder in due course. Complete drunkenness is also a defence against an immediate party in the same way as lunacy is, and even partial drunkenness may be, if such drunkenness is induced by fraud or in any way taken advantage of by another party to the bill.

Agents. The authority of an agent to draw, accept, or indorse a bill depends upon the general law of agency (*q.v.*). Agents are divided into three classes: special, general, and universal. A special agent is one who is appointed for a particular purpose, and he is, therefore, invested with limited powers. He has no authority to bind his principal in any other matter than that for which he is engaged, and the persons who deal with him are bound to ascertain the extent of his authority. A general agent is one who has authority to do anything which comes within the limits of the position in which he has been placed by his principal, and who binds the principal by his acts done whilst in that position. For example, if a general agent is placed in management of a house of business, he has an implied authority to bind his principal by doing anything which falls within the ordinary scope of that business. And it makes no difference as far as third parties without notice are concerned, even though the principal has privately limited the authority of the agent, and the agent violates the orders given to him by the principal—the principal is bound by his agent's acts. A universal agent is one whose authority is unlimited. Such an agent has power to bind his principal by any act which he does, provided the same is legal, and agreeable to the law of the land. An illustration of the three classes of agents is seen in the case of a principal who carries on a number of different businesses. A universal agent binds the principal by any act done in connection with any of the different businesses carried on. A general agent can only bind the principal by acts done in the particular business in which he is engaged. A special agent has no

authority to bind the principal by anything done outside the particular duties imposed upon him.

It is obvious, therefore, that the utmost care is required in dealing with persons who profess to act as agents on behalf of their principals. A prudent person will always require to be satisfied that the alleged authority has been given. This is not easy in every case. An agent may be appointed either verbally or in writing. (If he is appointed to enter into a contract under seal he must be appointed by deed.) When a written authority is produced, any person contracting with an agent must judge of the sufficiency of the authority. When the authority is declared to be verbal, all the circumstances of the case must be examined, and any previous dealings carefully considered. It must be remembered that a principal may always ratify the acts of his agent, even though done in excess of authority, and such ratification will cure any initial defect.

How an Agent Signs. When an agent signs a bill of exchange, either as drawer, acceptor, or indorser, he must signify the capacity in which he does so, otherwise he will make himself personally liable upon the instrument; and the signature must not be such as to describe him merely in his capacity as agent, or as filling a representative character, for this does not exempt him from personal liability. Thus, if the drawing, acceptance, or indorsement, is in this form, "J. S., Manager," the word "manager" is descriptive of J. S., and he is personally liable. The same rule applies if the signature is "C., agent," or "D., executor of E." C and D are liable, though in the latter case liability would be avoided if some such words were added as "without recourse against me personally." But if the drawing, acceptance, or indorsement is given in the following or a similar form, "X and Y, Limited, J. S., Manager," or "For the X Railway Co., J. S., Secretary," and J. S. is acting within the scope of his authority, he is not personally liable at all, but his principals are bound by the signature. An agent sometimes indicates his authority by signing his own name after having written in the name of his principal, preceded by the words "per pro," thus "Per pro John Smith (principal), George Brown (agent)." In Scotland the method of signing adopted is "George Brown (agent), per pro John Smith (principal)." The words "per pro" are an abbreviation of the Latin words *per procuratorem*, and denote that the agent is empowered to sign in this way by his principal. But the principal is only bound to the extent of the authority given to the agent. "A signature by procurator operates as notice that the agent has but a limited authority to sign, and the principal is only bound by such signature if the agent in so signing was acting within the actual limits of his authority" (Sec. 25). It need scarcely be added that an agent duly appointed has no power to delegate his authority to another agent appointed by himself.

Remedy against Agents. If an agent exceeds his authority in signing a bill of exchange, what remedy has the holder of the bill? It has just been pointed out that if an agent merely signs as "A. B., agent," the word "agent" is descriptive, and A. B. is personally liable; but what is the position if the signature is in such a form as to show that the agent represents himself as acting on behalf of another person? The answer is supplied in part by Sections 23 and 24 of the Act; and also by the general law applicable to agency:

"No person is liable as drawer, acceptor, or indorser of a bill who has not signed it as such" (Sec. 23). This includes signature by a duly authorized agent. If the agent had no authority, the principal cannot be bound. Again, "where a signature on a bill is forged or placed thereon without the authority of the person whose signature it purports to be, the forged or unauthorized signature is wholly inoperative, and no right to retain the bill or to give a discharge therefor or to enforce payment thereof against any party thereto can be acquired through or under that signature, unless the party against whom it is sought to retain or enforce payment of the bill is precluded from setting up the forgery or want of authority. Provided that nothing in this section shall affect the ratification of an unauthorized signature not amounting to a forgery" (Sec. 24). The principal, therefore, is not bound, and the agent is not bound either, on the bill, for it does not in reality bear his own signature, but that of the principal for whom he purports to be agent. The only remedy is an action for damages against the agent for a false representation of authority. It should, moreover, be noted that if the name of a person is signed to a bill "per pro," without authority and with intent to defraud, the party who does this is guilty of forgery under the Forgery Act, 1913.

Partners. The capacity of partners, as far as bills of exchange are concerned, depends upon the general law of partnership, just as the capacity of agents depends upon the law of agency. In general, any act of a partner, which is done within the scope of the partnership business, and in the ordinary course of business, is binding upon all the other partners, unless the person with whom the partner deals actually knows that the particular act is forbidden. In fact, every partner is an agent for the firm and his other partners for the purpose of the partnership, and all the ordinary rules of agency apply to his acts. His position is that of a general agent; but for those acts which are outside the scope of the partnership business, the other members of the firm are not liable, unless there is a subsequent ratification. It follows, therefore, that if a partnership is a trading one, any partner may bind his firm by drawing, accepting, or indorsing bills of exchange, or making or indorsing promissory notes; but it must be done in the name of the firm. If a partner does any of these things in his own name, he is personally liable upon the bill or note, but if the firm carries on business in the name of the individual partner who draws, accepts, or indorses a bill of exchange or promissory note, the drawing, accepting, or indorsing is an act for which the firm is *prima facie* liable. As a firm of solicitors is not a trading partnership, no partner in the same has authority to bind his fellow partners by dealing with bills of exchange or promissory notes. It appears, however, that, although a member of a non-trading partnership cannot bind his fellow partners by drawing, accepting, or indorsing bills, the property in them may be passed to a third party by his indorsement in the firm's name. It is only during the existence of the partnership that the question of the capacity of one member to bind the other partners can arise. No member of a firm is bound by any contract until a partnership is formed; nor after the partnership is dissolved, except that, by Section 38 of the Partnership Act, 1890, it is provided that, after the dissolution of a partnership, the authority of each

partner to bind the firm, and the other rights and obligations of the partners, continue, notwithstanding the dissolution so far as may be necessary to wind up the affairs of the partnership, and to complete transactions begun, but unfinished, at the time of the dissolution, but not otherwise, but the firm is in no case bound by the acts of a partner who has become bankrupt. The last proviso, however, does not affect the liability of any person who has, after the bankruptcy, represented himself or knowingly suffered himself to be represented as a partner of the bankrupt.

Assumed Name. Certainty is required in all respects when dealing with bills of exchange, and all the parties must be clearly designated in order to fix them with liability (see BILL OF EXCHANGE), but there is one point in connection with this necessity for certainty that must not be overlooked. A person may draw, accept, or indorse a bill in an assumed name. If this is done and the identity of the person clearly established, liability is incurred just as though the signature had been made in the correct name.

Signature Obtained by Fraud. In considering the capacity of parties to a bill of exchange, and their liability in respect of it, which is entirely dependent upon their signing the instrument as drawer, acceptor, or indorser, it is necessary to notice the words "as such" contained in Section 23. The person who signs a bill must have signed it as a bill and not have been induced by any fraud to put his name to an instrument which he thought was something totally different. Thus, in one case, an old man of feeble sight was induced to sign his name on the back of a bill, being told that it was a guarantee which he had promised to sign. The bill was negotiated, and came into the hands of a holder in due course (*q.v.*). As it was found as a fact that the defendant had acted without negligence, it was held that he was in no way liable upon the bill. And in a later case, where a joint maker of a promissory note had been fraudulently induced to sign a document in the belief (without any negligence on his part) that he was merely witnessing the signature of the other joint maker, the earlier decision was followed, and the person who had been induced to sign was held not to be liable.

CAPE COLONY (THE PROVINCE OF THE CAPE OF GOOD HOPE).—Position, Area, and Population.

This Province embraces the southern part of Africa, being bounded on the north by what was formerly known as German South-West Africa, the Bechuanaland Protectorate, the Orange Free State, Basutoland and Natal, while on the south, east, and west its shores are washed by the South Atlantic and Indian Oceans. The total area (including Pondoland, Bechuanaland, Walvisch Bay [whaling station and good harbour], and the Transkeian territories [Transkei, Tembuland, Griqualand, east, and St. John's]) is 276,995 square miles. Only 600,000 of the total population (2,600,000) are whites, the remaining two millions are Kaffirs or other coloured races. The European population, largely confined to Cape Colony proper, is mainly of British, Dutch, and German origin. Generally speaking, Dutch are found in the west, and British in the east. Its small density of population (approximately nine to the square mile) is largely to be accounted for by the build and climate of the country. The Cape of Good Hope Province now forms part of the South African

Union, and is the largest of the four provinces of that Union.

Coast Line. The sea-coast, typically African in type, is strangely inhospitable. Good natural harbours are almost entirely lacking, most of the existing harbours being unprotected river mouths choked by sand-bars, and the ports are at great distances from one another. Strong currents on the south-east coast cause great accumulations of sediment, and necessitate the employment of powerful suction dredgers. Walfisch Bay and Saldanha Bay form excellent harbours on the west, but lack good productive hinterlands. Table Bay, on which stands Capetown, is artificially protected by a breakwater, 2,000 ft long. Simon's Town, on False Bay, is an excellent naval station, but its situation is against commercial development. On the south coast, Port Elizabeth, on Algoa Bay, has a harbour of the roadstead type, and is exposed in summer to south-easterly winds. The harbour of East London on the east is exposed and dangerous.

Build. The surface of Cape Colony consists very largely of a great tableland, which rises irregularly and abruptly by a series of terraces from the coast to the interior. The rise from the sea is marked by the shore slope, the Little Karroo, the Great Karroo, and the High Veldt. Long ranges of flat-topped mountains, crossing the colony from west to east and running parallel to the coasts, form the southern edges of the terraces. Commencing at the coast, the first terrace is limited by the Lange Bergen (Long Mountains), whilst further north rise the lofty Zwaarte Bergen (Black Mountains), and between the two ranges lies the clayey tableland of the Little Karroo. The Great Karroo, which rises to heights of from 2,000 to nearly 4,000 ft, stretches from the Zwaarte Bergen to the range known by the names of the Roggeveld (eye-field), Nuwveld (new field), Storm Bergen (Storm Mountains), and Sneeuw Bergen (Snow Mountains), with Compass Berge (7,800 ft). This plateau, approximately two-thirds the size of Scotland, has a length of about 300 miles, and a width of 70 to 90 miles. It is covered with ochre-coloured soil, which is very fertile when watered. Small rainfall makes the region pastoral, and the small sheep-bush, a remarkably nutritious plant, is a characteristic product, aiding the pastoral industry in the dry seasons. For two or three months when the rain falls, the arid Karroo blossoms as the rose, and the sheep, goats, and cattle feed on the fat of the land, whilst the rest of the year they lead a dry and dusty existence. Beyond the mountains extends the pastoral Upper Karroo, forming part of the great African plateau.

The rivers of Cape Colony suffer from varying volume, cataracts, and bars at their mouths, so that their use to commerce is very limited. The Orange River, longer than the Rhine, is only navigable by small craft for a few miles up, its tributary, the Vaal, has numerous cataracts, the Great Fish River is subject to sudden and dangerous floods, and only the small Breede River has a stretch of navigable water. Since many of the rivers flow in deep "kloofs," they offer difficulties to irrigation.

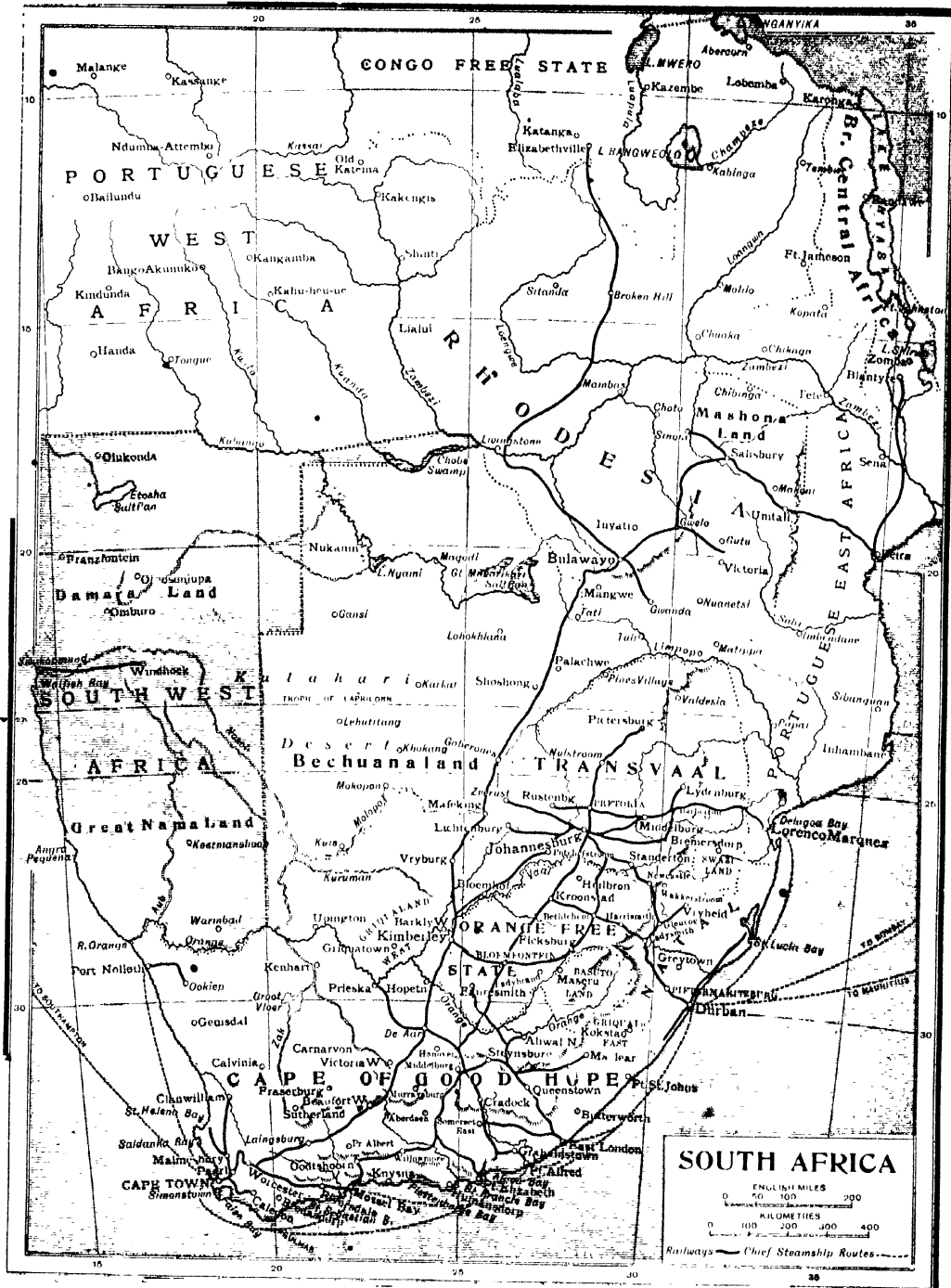
Climate. Dry, clear air, suitable for invalids with chest complaints; small rainfall over a great portion, necessitating irrigation for agriculture; dust storms in the interior and occasional violent thunderstorms; these are the marked characteristics of the climate of Cape Colony. Four rainfall regions may be distinguished: (1) The Eastern receives summer

rains from the south-east trade winds, which are forced upwards by the eastern highlands, and by ascending currents from the High Veldt (average annual rainfall, 16 to 30 in.); (2) the South-Western receives winter rains from the stormy west winds (average annual rainfall, 12 to 30 in. and over); (3) a small portion of the south coast receives rains at all seasons (average annual rainfall, 16 to 30 in.); and (4) the North-Western gets practically no rain. The build of the country and its soils are not conducive to the retention of moisture, and thus much of Cape Colony must be irrigated, and special methods of farming have to be adopted. Temperature conditions may be obtained from the following figures, summer (January) and winter (July) temperatures, $^{\circ}\text{F}$: Cape Town, 75° , 47° ; Port Elizabeth, 74° , 49° ; Graaff Reinet, 85° , 37° ; and Kimberley, 90° , 36° . Rainfall is the most important factor, its absence or smallness from time to time causes serious loss and inconvenience.

Productions and Industries. There are many disadvantages in the way of the economic development of Cape Colony, and among these are the labour and race problems, the difficulties of agriculture, and the hindrances to communication. On the east and on a strip of the south coast the population is mainly centred, but the growth of a mining population in the north suggests that the development of the mineral resources will lead to a more equitable distribution of the inhabitants.

Agriculture. Agriculture is not of prime importance, but is being systematically organised. Kaffir labour is employed, and irrigation must be resorted to over the greater part of the colony, since the only districts with a sufficient rainfall lie in the south, south-west, and east. Drought, locusts, rust, and limited markets provide difficulties, and the country is far from supplying local needs. Wheat, barley, oats, rye, "mealies" (maize), Kaffir corn (millet), lucerne, and tobacco are among the principal crops. Wheat thrives on the Malmesbury plains, maize is the most certain crop, lucerne is cultivated on irrigated tracts, and tobacco is important in the rich limestone valley of Oudtshoorn. The cultivation of the vine is increasing, but the quality of the wine and brandy of the colony is not yet very high. The chief districts are in the west—the Cape, Stellenbosch, Paarl, Malmesbury, Worcester, and Robertson divisions. There is a Government wine farm at Groot Constantia, near Cape Town. Fruits of temperate and sub-tropical climes are grown, and the advantages of soil, sunshine, the "Mediterranean" climate of the south-west, and the establishment of packing establishments should lead to an important industry. Excellent grapes, pears, peaches, nectarines, apricots, apples, melons, and quinces have found their way to European markets.

The Pastoral Industry is one of the mainstays of Cape Colony, as might be expected. Farms are of vast extent, especially on the Karroos, ranging from 3,000 acres and upwards. Horses, cattle, sheep (merino), goats (Angora and Cape), and ostriches are the chief animals reared, and it is estimated that each head of cattle requires 10 to 20 acres, and each sheep 1 to 2 acres (much more is required on the Karroos). Disease and drought are the farmer's chief enemies. Horse-breeding has declined in recent years, though the Colesberg district shows increase. Cattle for transport purposes are fed on the coast districts, and large numbers are found in East Griqualand, Tembuland, Pondoland, and the



Malmesbury and King William's Town divisions. Dairying on the co-operative system has been adopted, but the frequent dry seasons limit the industry. Butter is made in the districts of Cathcart and Bedford, and cheese in Griqualand East and Bechuanaland. Angora and common goats (5,000,000) are very profitable, the former for their mohair and the latter for their mutton. Angora goats are mainly reared in the divisions of Aberdeen, Graaff Reinet, Cradock, Willowmore, Somerset East, and Jaansenville. Wool, the chief farm product, promises, with better grading and classification, to become still more important. There are about 18,000,000 sheep (chiefly merino) in the Colony, the chief districts being the eastern and south-western tracts, and the Karroos. Ostrich farming, said to be twice as profitable as sheep-farming, is, however, highly speculative, and dependent on the caprice of fashion. Farming may be on lucerne (producing the finest feathers), or on the natural veld. The largest farms are in the Oudtshoorn Division.

The Mining Industry. The Colony is rich in mineral wealth, especially diamonds. As regards export value, that of diamonds is greater than that of any other product. Kimberley is the diamond centre, and all the principal mines are worked by the De Beers Consolidated Mining Company. There are also alluvial diggings near Barkly. Copper is found throughout Namaqualand, but especially round Ookiep, which has rail connection with Port Nolloth. The principal coal mines are at Indwe, Steiinstroom, Cyphergat, and Molteno in the east, but the industry is of minor importance. Of other minerals, gold is found at Millwood and Mafeking, and manganese near Cape Town; garnets are found in the north-west, and agates in the Vaal and Orange Rivers, and salt, asbestos, lead, iron, tin, and pseudo-crocidolite represent the remaining minerals.

Lumbering. The forest area (550 square miles) is protected. Half of the forests lie in the George, Knysna, and Humansdorp divisions, where the principal woods are yellow wood (suitable for wagons), and stink wood (suitable for cabinet-making). Other forests are found north of King William's Town, the chief woods being yellow-wood and sneeze-wood.

Fishing. The fishing industry is small. Cape Town, Simonstown, and Port Elizabeth are the chief centres. Silver fish, "Cape salmon," soles, crawfish, and snoek are caught.

The Manufacturing Industries. There are no manufactures of importance. Flour mills, breweries, tobacco factories, tanneries, saw-mills, coach-building works, and jam-making establishments supply partly local needs, a large amount of manufactured goods being imported.

Communications. Few good natural harbours, the physical configuration of the country, and the absence of navigable rivers hinder transportation. Railways are of prime importance, and transport by ox or mule-wagons is a necessity. The chief railways are: (1) The Western (Royal Mail Route to the diamond and goldfields), starting from Cape Town and running through De Aar Junction, Kimberley, and Mafeking into Rhodesia; (2) the Midland, from Port Elizabeth to Naauwpoort, with branches (a) to De Aar Junction, and (b) to Bloemfontein and Pretoria; and (3) the Eastern from East London, through Queenstown, Cyphergat, and Burgersdorp to Springfontein (Orange Free

State), the junction with the Midland. Branch lines are fairly numerous in the east, and the Malmesbury wheat district is now aided by a short line from Cape Town.

Commerce. The exports of the Province are chiefly diamonds, gold (from the Transvaal), wool, hides, copper, skins, furs, ostrich feathers, mohair, fruits, and wine. The imports are manufactured goods, and food products (necessities as well as luxuries), and comprise grain, flour, woollen and cotton goods, leather, machinery, clothing, books, coal, stationery, non goods, and chemicals. Cape Town, Port Elizabeth, East London, and Port Alfred are the chief outlets. The last three ports export the bulk of the Cape wool. Most trade is with the United Kingdom, the other South African colonies, and British possessions.

Trade Centres. The trade centres are the ports, and the pastoral, mining, and agricultural centres. Four towns have populations exceeding 20,000.

Cape Town (150,000, with suburbs), the capital, the seat of the Legislature of the Union of South Africa (the headquarters of the executive being at Pretoria), reposes at the foot of Table Mountain, 20 miles north of the Cape of Good Hope, and at the head of Table Bay. It is an important port of call, a great railway centre, and one of the chief outlets of the Province. Its climate is healthy and its surroundings beautiful. Dutch, English, black races, and Malays make up its population.

Kimberley (40,000), the chief town of Griqualand West, and the capital of the "Diamond Diggings," was a mining camp in 1870. The town is well drained and well provided with water. Large numbers of skilled and highly paid European miners are employed in its mines, but the cost of living is high. Diamonds are found in the limestone and clay below the decomposed volcanic rocks, and in the alluvial soil of the Vaal River.

Port Elizabeth (35,000), on Algoa Bay, 460 miles east of Cape Town, is a busy seaport, possessing railway advantages superior to those of Cape Town. Among its industries are the production of salt, jam-making, tobacco manufactures, and milling. Its exports include wool, skins, and ostrich feathers.

East London (30,000), at the mouth of the Buffalo River, notwithstanding its exposed harbour, carries on an important trade. It is the principal town of a fine pastoral and agricultural district, and exports some of the produce of the Orange River Colony. Harbour improvements are adding to its importance.

Grahamstown (20,000), lies north-east of Port Elizabeth, and is connected with Port Alfred by rail. It is the metropolis of the Eastern Provinces, and the centre of an agricultural and pastoral district.

Uitenhage (15,000), near Port Elizabeth, is a pretty town, and is the centre of an agricultural and pastoral district. It has large wool-washing establishments and railway workshops.

Paarl (13,000) is situated north-east of Cape Town, and is the centre of a wine and fruit-producing district.

King William's Town (12,000), on the Buffalo River, is an important commercial town, possessing wool-washing establishments.

Graaff Reinet (10,000), "the Gem of the Desert," is the centre of a sheep, goat, and ostrich-rearing district. It has good railway connection with Port Elizabeth.

Queenstown (10,000), on the main line from East London, is the centre of an important sheep-rearing district.

Oudtshoorn (9,000), on the Grobbelaars River, is the centre of an ostrich-farming and tobacco-producing region.

Other centres are Worcester, Beaufort West, and Cradock (Great Karroo farming centres); Aliwal North and Colesberg (Upper Karroo pastoral centres); Ookiep (copper mines); Vryburg (diamonds); Mafeking and Millwood (gold); Cyphengat, Indwe, Molteno, and Sterkstroom (coal); Malmesbury (wheat), and Naauwpoort (railway junction).

People and Government. Cape Colony was a Dutch possession till 1806, when the British took possession of Cape Town, and in 1815 the Colony was definitely recognised as a British possession. Since May 31st, 1910, Cape Colony, Natal, the Transvaal, and the Orange River Colony have been united in a Legislative Union (the Union of South Africa) under one Government. The Parliament consists of the King, Senate, and House of Assembly, and the separate provinces have each their own Provincial Council to manage local affairs. The stability of the South African civilisation depends upon the harmonious co-operation of the white races, and it is pleasing to record that there are signs now that the Union will be blessed with much prosperity. This has been especially exemplified during the period of the Great War, 1914-1918. Differences in the past, caused by different economic and cultural development, do not unduly rankle, and the problem provided by the great preponderance of black races can be confidently expected to be solved.

Mails are despatched in normal times to Cape Colony and South Africa generally every Saturday. Cape Town is situated 5,979 miles from Southampton, and the time of transit is about sixteen days.

CAPERS.—The pickled flower-buds of the *Caparis spinosa*, which grows in the south of France, Italy, and Sicily. Capers have a pungent taste, and are a favourite ingredient of sauces. The greyish-green colour is sometimes due to the addition of copper. Toulon, Marseilles, and Grasse are the chief centres of the export trade.

CAPICHA.—(See FOREIGN WEIGHTS AND MEASURES—PERSIA.)

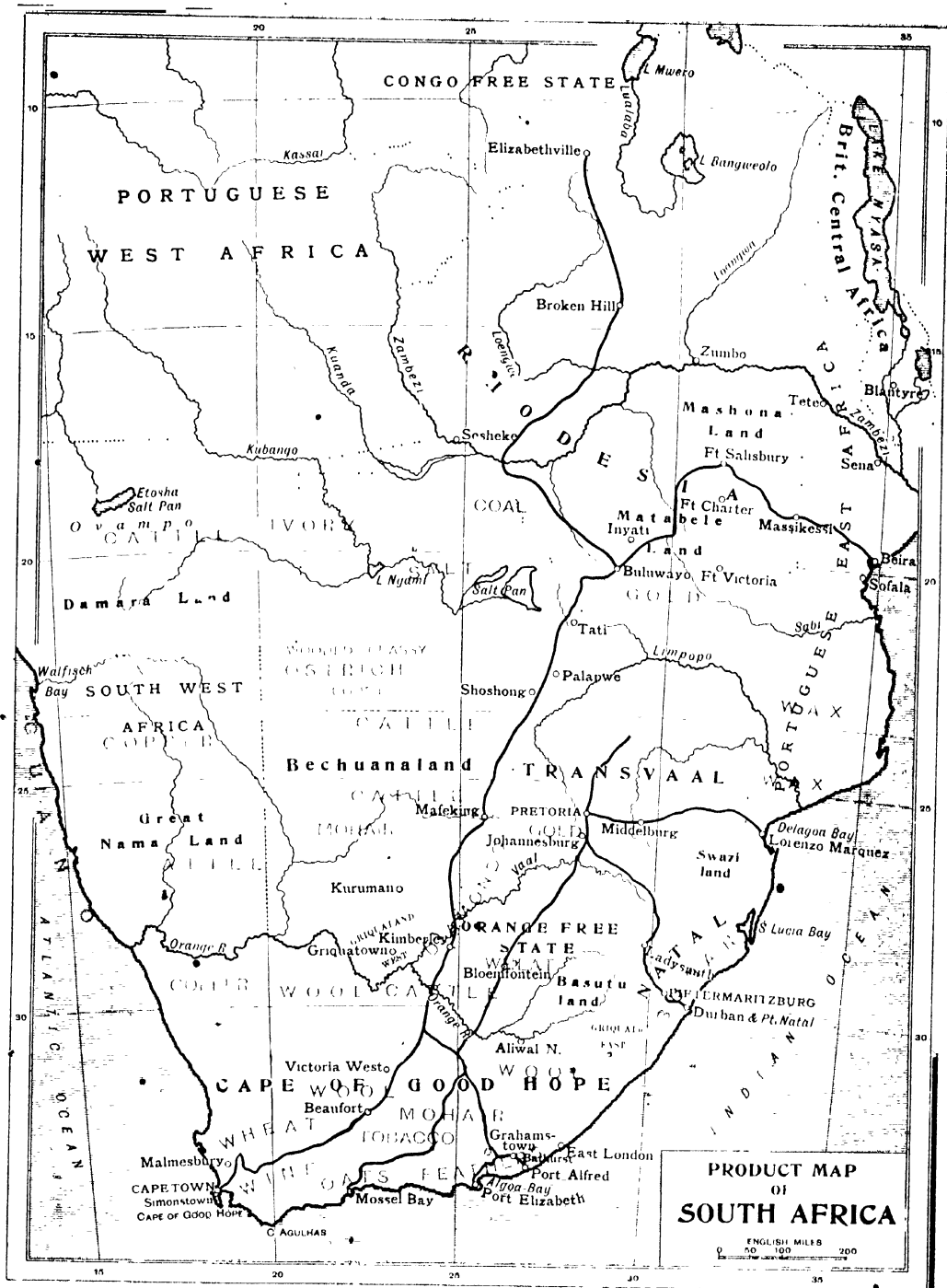
CAPITAL.—Our far-off ancestors, emerging slowly and painfully from a state of savagery to become pastoral workers, did so mainly because they had reached the conception of capital. Superfluous animals, left over after the savage appetite had been satisfied from the spoils of the chase, would be preserved as pets. When famine pressed and the hunters returned empty, these animals, though pets, would be slaughtered for food; and so it would dawn on the savage intellect that it was wise to preserve useful things as a precaution against future wants. He would have learnt to "save"; and the "profit" he derived from the wool of his sheep, the milk of his cows, and the young of his captives—quite apart from the fact that the domestic animals afforded insurance against famine—taught him that wealth saved may produce future wealth. He would, that is, have grasped the ideas of *income* and *capital*.

The primitive idea of capital was, therefore, that which afforded a revenue; and this is the meaning

attributed to capital by ordinary usage. A person's capital is regarded as the fund from which he derives an income, which income he can use without sinking and dissipating the fund itself. If I subscribe to a war loan, I obtain an obligation from the Government that I shall receive a certain annual income. To me, individually, what I gave to the State is still capital. To the community, however, since my capital has been expended—not in any productive undertaking, such as the construction of a railway, but in the pay of officers and soldiers who produce nothing, and in destroying without return a quantity of gunpowder and bullets—the amount of my subscription no longer exists as capital. My subsequent income is derived, not from my own capital, but from other funds at the disposal of the community. The bond I have is a claim on the returns to other people's capital and industry.

But this view of capital, as that wealth which, independently of the work of its owner, brings in a revenue, is—being an individual view—not the idea in the mind of the economists. For political economy is a social science. The economist regards capital as an instrument of production; as that without which no productive operations beyond the rude and scanty beginnings of primitive industry are possible. In order that present labour may be effective, it requires the services of past labour, of congealed labour which is destined to supply productive labour with its various prerequisites. Capital performs for labour an office analogous to that which language does for reasoning. The germ of reasoning powers may be found in the lower animals; it is through its command of language that man is so immeasurably superior in his reasoning faculties. So capital, affording shelter, protection, tools, and materials required in the work of production, and feeding and otherwise maintaining the workers during the process, makes possible works beyond the conception of the primitive mind, and multiplies production to a stupendous degree. Though life is hard for some and easy for others, it is hardly ever so hard to any one as it would have been to all unless men in the past had stored up capital. The claims of these men we honour in their descendants, and though these latter may receive an income without working, no injustice is done to others. For example: By means of the locomotive and the railway track one man is enabled to do work a thousand men could not perform without that auxiliary capital. By means of the cotton-gin, the material embodiment of the mental labour long past of its ingenious inventor, an amount of cotton, such as would have occupied a negro during a whole year, is cleansed from seeds in an hour. By means of his plough and his team, the farmer produces vastly more wheat than he could without their co-operation: the inventor of the plough works invisibly alongside him.

But not only is capital a useful adjunct to labour; in a modern civilised society it would seem to be indispensable to the labourer. Without the aid of some capital, either the product of his own past labour or advanced to him by another, a man cannot undertake any branch of productive labour. Even as a hunter he would need a rifle or nets, and in our country his hunting grounds would be few and the game shy and scanty. Unless he entered into the service of a capitalist, he would perish as inevitably as Crusoe would have done had he saved nothing from the wreck. He might, indeed, prefer to exist as a parasite on society, subsisting on legal



or voluntary charity; or he might constitute himself one of the large predatory class that lives by pillaging or over-reaching other people. But as a worker he must have command of capital; and this is what is meant by the expression that *industry is limited by capital*. Industry cannot be employed to any greater extent than there is capital to invest; injure capital or drive it away, and you at the same stroke lessen the scope for productive labour, foster capital, or, by providing favourable conditions for its investment, attract it from other countries, and you give additional employment to industry.

The converse, too, is true. If capital is indispensable to labour, labour is no less indispensable to capital. For capital is kept in existence not by hoarding, but by perpetual renovation. Capital unemployed, even that which exists in the more durable forms as buildings, machinery, and tools, perishes within a longer or shorter interval. But capital employed, through the wearing out of tools, the destruction of material, and the consumption of food and clothing by workers, perishes also. The difference is that in the first case the disappearance of the capital is the final stage, in the second case, there has been a productive process which has replaced the capital expended with an increase. When we speak of the reward for capital as the reward for "waiting," for abstinence, we do not mean to imply that the capital has not been consumed. We mean that the owner has refrained from its unproductive consumption, and has enabled it to be employed by productive labourers. He has diverted it from what are called "consumption goods" into the class of "productive goods." And whether a part of his wealth—of his stock of things agreeable or useful which possess exchange value—becomes capital or not, often rests in the will of the owner. If, for instance, I refrain from cooking and eating an egg and cause it to be hatched, I have changed my "consumption good" into a "productive good": into capital. For the essence of capital is that it is wealth created not for itself but in order to create new wealth. It is intermediate wealth, and without the co-operation of labour it is nugatory. Labour and capital together constitute a single concrete fact, and just as to harm capital is to penalise labour, so capital suffers when labour suffers. Capital cannot be effectively employed by ill-equipped, badly-nourished, poorly-clad, and ill-housed labourers. Hence the economy, even from the capitalist's point of view, of high wages.

Capital is usually divided into two great divisions: circulating capital and fixed capital. Part of the capital engaged in production, being once used, exists no longer as capital. The raw material which the cotton spinner uses is destroyed as capital for his purpose when once it has been turned into thread, though it obviously forms a part of the capital of the weaver. Similarly, that portion of the spinner's capital which he pays away as wages exists no longer as his capital. If the business is to continue, this part of capital needs to be constantly renewed from the sale of the finished product. Being renewed, it is again parted with in buying materials and paying wages. It is perpetually changing hands; and so we have Mill's definition: "Capital which fulfils the whole of its office in the production in which it is engaged, by a single use, is called circulating capital."

Instruments of production—buildings, machinery, tools—form another large portion of capital. The

efficacy of these is not exhausted by a single use, and being of a more or less permanent character, they need not be replaced after each single operation. It will be sufficient if an amount is set apart from each operation, such that at the end of their period of utility as productive agents others may be procured. The sale of the product, that is, must provide a depreciation fund for the more durable capital, as well as replace in its entirety the capital which is destroyed by the single use. The amount of depreciation will, of course, vary: in the case of some machines there is a loss unless they earn every year 20 per cent. on their cost, a dock or a canal, once made, simply requires regular and frequent outlays to keep it in repair. Capital which thus exists in a durable shape, and the return to which is spread over a period of corresponding duration, is called fixed capital.

As possessors of circulating capital, the employers have an advantage over their workers. Through the highly organised condition of finance, their circulating or floating capital acquires a fluidity which enables it to run freely to where it will find the most profitable investment. The worker can transfer his labour power much less freely. But much of the employer's capital is irrevocably fixed and specialised, and to the extent that this is so, the employer is less mobile than his workpeople.

The world's work being done in the main under the direction of capitalists or of their agents, it is clear that the initiative rests with him who has claims on the stock of things useful and agreeable. The capitalist controls industry; he is, says Carlyle, the Captain of Industry: "The Leaders of Industry, if Industry is ever to be led, are virtually the Captains of the World, if there be no nobleness in them, there will never be an Aristocracy more." His retention, however, of the power to control industry depends on his ability to employ his capital in ways beneficial to the community, if he dissipates his capital foolishly he is no longer a leader of industry, but must take his place among those controlled. Capital will still be dominant, though directed by more skilful brains.

This is what is meant by the designation the "era of capitalism." Men note how indispensable capital is to our modern large scale industry, they dread the absolute and despotic power which seems to be lodged in the capitalist's hands, they hardly realise that capital, out of the instinct of self-preservation, must support and foster labour; and with vehemence they demand that the State must control capital in the interests of the community. Not capital, but the capitalist is their aversion. They admit that production has immensely increased by the invention of machines and the use of improved methods, but they declare that the worker does not participate in the benefits, since these powerful auxiliaries are under the control of the employer. (See the articles on PROFITS, SOCIALISM, and WAGES, for a fuller discussion on this point.)

The great development of the joint stock principle has, in these latter days, introduced a new complexity into the question of capital. The function of taking risks has been divorced from the function of directing the business; the 35,000 shareholders in the London and North-Western Railway have little part in controlling the 30,000 or so servants they employ. They obtain news of their property by reading the newspapers. There is in process a constant concentration of industry, but there is,

curiously enough, accompanying this concentration an ever-growing dispersion of property in the undertakings. We are all capitalists now—the financial magnate, the humble investor of his hardly-earned surplus in War Bonds, the trades unionists in their corporate capacity, may now consider affairs from the capitalist's point of view. And if, as it should, this dispersion of capital conduces to greater harmony between capital and labour, it is altogether for good.

CAPITAL ACCOUNT.—In a book-keeping sense, capital is the excess of assets over liabilities—the sum which would be left in cash if all the assets were realised at their book values and all the liabilities paid. The capital account shows what that amount is. It is an account kept by a business, and which may be regarded as the personal account of the proprietor with the business. For the purposes of book-keeping, a trader is regarded as separate from his business, and the amount of capital owing by the business to the proprietor is shown in the capital account. The trader, therefore, appears in the books of his business as a creditor of his business for the amount of his capital.

CAPITAL ACCOUNT, RAISING.—This is practically the initial task in all book-keeping operations; whether a business or enterprise is being started under the proprietorship of a single individual, a partnership, limited company, or public authority, the principles are on a similar footing, some minor differences exist, however, as regards methods of obtaining capital. The consequent mode of treatment varies somewhat.

The acquirement of a business by a private individual or by partners, or in the case of a business so owned, the placing of the accounts upon the double entry system, will require the assistance of a statement of capital representing the interest in the business of each proprietor. On the other hand, the treatment of capital in the books of a company or public body is dealt with in a collective manner in accordance with the details of the capital subscribed by shareholders or stock-holders.

A and B as partners acquire a business from C as vendor of a business, paying him jointly £10,000 as cash consideration, and agree to take over C's liability to his trade creditors amounting to £600. The partners contribute and will be interested in the proportion of two-thirds as to A, one-third as to B. The properties taken over are as follows: Freehold and buildings, £1,000; plant and machinery, £3,000; sundry debtors, £3,500; stock-in-trade, £1,500; stores, £1,000. The partners put £12,000 in cash into the business: A, £8,000; B, £4,000.

The journal and cash entries for these transactions will be as follows—

Journal.				
	Dr.		£	£
Sundries—				
To C (vendor)		10,000
Freehold Buildings	1,000	
Plant and Machinery	3,000	
Sundry Debtors	3,500	
Stock-in-trade	1,500	
Stores	1,000	
Capital Account—A	400	
—B	200	
To Sundry Creditors		600
Cash Account.				
To Capital A/c—A £8,000 By C (vendor)			10,000	
—B 4,000				

These entries will constitute the opening of the capital accounts for the business, at the same time showing the position of the respective partners at that stage. In such cases the "capital" in the business fluctuates from year to year, in accordance with profit or loss, the result of this being either debited or credited to each partner in the ratio stated.

The capital of a company depends solely upon the cash subscribed or on shares issued or fully paid. By the Companies (Consolidation) Act, 1908, Sec. 65 (3c), capital receipts also include debentures. The opening up of the capital accounts for a company thus involves provision for the amounts due and received for shares and debentures, or for any shares or debentures issued for a consideration other than actual cash. Thus the opening entries for capital accounts will differ in the case of a corporate body as compared with the instance given above, which involves private ownership; and here it must be pointed out that the private limited company, now provided for in the statute, although consisting of two members only, is nevertheless a corporate body. This differentiation only concerns capital receipts. Capital expenditure or the acquirement of assets will be carried out in the same way in all cases, the vendor being credited with the purchase price and debited with cash, shares, or debentures, according to the nature of the consideration involved in the transaction.

The following scheme of journal entries is drawn up to illustrate the necessary provision where capital has been subscribed for one class of share, in three instalments: application, allotment, and first and final call, or as the case may be. Where more than one class of share is involved, or in the case of debentures, the scheme is the same for each—

Application Account	Dr.
To Share Capital Account	Cr.
Allotment Account	Dr.
To Share Capital Account	Cr.
Call Account	Dr.
To Share Capital Account	Cr.

Cash receipts for the three accounts will be debited to cash account under their respective heads; when posted, the three accounts will be closed, leaving share capital account as a credit in the books, representing the company's capital liability.

CAPITAL, CLASSES OF.—When a joint stock company is a small one, it frequently happens that the whole of the shares, which together make up the capital of the company, are represented by one class, but when the company is one of any dimensions, it is usual to find its shares divided into several classes, each class conferring different rights upon the respective holders. The method of division may be provided for either in the memorandum or in the articles of association, and must be set out in the prospectus. Difficulties frequently arose when no power was taken in the memorandum to vary the rights of the holders of different classes of shares, owing to the rigidity of that document; but now very full powers are given by Section 45 of the Act of 1908, which permits a modification of the conditions contained in the memorandum so as to re-organise the share capital. This may be effected by special resolution confirmed by an order of the court. The classes most commonly met with when there are various kinds of shares are "preference" and "ordinary" shares. In addition, however, it is necessary to notice the other

classes, which are frequently met with, viz., "deferred" and "founders'" shares. Each of these classes is noticed under a separate heading.

The following form will serve as a specimen of the clause stating the division of the capital into the various classes—

"The capital of the company is £..... divided into shares of £..... each, whereof are preference shares, are ordinary shares, and are deferred or founders' shares. The profits of the company from time to time available for the payment of dividends shall be applied, first, in paying the holders of the preference shares a fixed cumulative preferential dividend at the rate of £..... per cent per annum on the amount paid up on such shares; secondly, in paying to the holders of the ordinary shares a non-cumulative dividend at the rate of per cent per annum on the amount paid up on such shares; and the surplus (if any) shall be distributed among the holders of the deferred shares, in proportion to the number of shares held by them respectively. If and when the company shall be wound up, the assets available for distribution among the members shall be applied, first, in repayments of the amounts paid up on the preference shares; secondly, in repayment of the amounts paid up on the ordinary shares, and the surplus (if any) shall be distributed among the holders of the deferred shares in proportion to the number of shares held by them respectively."

CAPITAL CLAUSES.—(See MEMORANDUM OF ASSOCIATION.)

CAPITAL EXPENDITURE.—An undertaking involving a liability, created for the purpose of acquiring any property, privilege, or the enjoyment of a specific right, whether paid for on taking over, or at a future time, is termed an outlay from capital, if the goods or benefits so acquired can be deemed to exist over a term of years.

The purchase of a business as a going concern, embracing freehold buildings, plant, book debts, and stock-in-trade, would, on taking over, all be treated as capital outlay, as also would subsequent payments or liabilities for additions to the first two, but as regards book debts and stock, these will form a part of the circulating capital in company with the cash, and will fluctuate in value according to the result of transactions in the ordinary routine of business.

The general principle guiding the discrimination of capital expense as against expense incurred on revenue account is one which demands very mature consideration, as well as a thorough knowledge of the circumstances surrounding the particular business in hand, but more particularly the character of each item expended or liability contracted. It has been shown above that the various assets acquired in taking over a business as a going concern involve a capital outlay in its entirety, so also would additions to land, machinery, plant, and fixtures. Supplementary purchases of raw materials or stock-in-trade stand on a different footing, however, as they are replacements of original articles which have been absorbed in the process of manufacture, or as a result of trading, and so have to be paid for out of revenue. Exceptions may be mentioned in instances where book debts, or the bulk of raw material or stock-in-trade, are taken over *en bloc* from another concern; but in the last two instances only where the property acquired

was of considerable volume as compared with the assets of the same description already owned by the undertaking.

Replacements of Machinery or parts thereof do not come under the heading of capital outlay, unless the book value of the item displaced has been charged to revenue. The greatest care must be exercised in such cases. It may be found necessary to discard a given machine on the score that it has been superseded in the market by another capable of producing wares more economically than the one in use; assuming this to have been in use for a number of years, and that one-third of its original value remained as a debit on the books, two-thirds having been written off out of revenue by depreciation since it was acquired; then, if the remaining one-third of its first cost is written off out of profits at the time of its being disposed of, less any amount that it may realise, the new machine may be paid for wholly out of capital.

The Purchase of a Lease may be capitalised, providing an amount is annually taken from revenue to replace it at the end of its tenure. This is an instance of an asset, the wasting nature of which may be definitely measured in terms of an annual decrement, so that its initial cost is spread over a certain number of years; consequently, the leaseholder possesses capital value until the lease expires.

The Cost of Developing Property, such as the sinking of a mine, constructing railways, gas works, including the interest on the capital raised, may be capitalised, but under the Companies (Consolidation) Act, 1908, interest at not more than 4 per cent. may be paid, sometimes not longer than for certain periods provided for in specific statutes, constituting parliamentary companies or in the articles of association of limited companies.

Preliminary Expenses involved in promoting limited companies, although spread over a number of years, cannot be classed as capital outlay, such expenditure is in reality revenue outlay deferred over a stated period. Generally, legal expenses incurred in purchasing land and buildings may be capitalised. Some forms of advertising of an exceptional nature, which may be regarded with more or less certainty as increasing the value of goodwill, have been paid for out of capital, but such procedure is regarded by some authorities as an ill-advised policy.

• **CAPSICUM.**—A genus of tropical shrubs of the order *Solanaceæ*. The berries are contained in long pods. They are very pungent, and are used for sauces and mixed pickles, the latter being generally known as Mexican chillies. Cayenne pepper is obtained from the dried and ground berries. The properties of capsicum are due to a thick, light brown liquid known as capsaicin.

• **CAPTAIN'S ENTRY.**—This is a provisional entry passed by the captain of a ship, when it is desirable to discharge the whole of the cargo at some particular place, or in cases where the merchant has omitted to pass the prime entry within the prescribed time.

• **CAPTION.**—This was the name given in Scotland to the warrant issued for the apprehension of a debtor on non-payment of a debt, or of an obligee for the non-performance of an obligation. It has now been superseded in practice by what is known as diligence, a form adopted under the Personal Diligence Act, 1837.

• **CARAMEL.**—The dark brown substance produced

when sugar is heated to a temperature of 220° C. It is nearly tasteless, and is mainly used for colouring gravy, porter, wines, whisky, vinegar, etc. The name is applied in confectionery to a sweetmeat usually made of chocolate, sugar, and butter.

CARAT.—The name of the seeds of the Abyssinian carat-flower, which, being very equal in size, were used in weighing gold and precious stones. At the present day, the carat as applied to gold signifies its fineness and purity. Thus, if the piece tested is all gold, it is said to be 24-carat gold. The gold of the English coinage, from the necessity of using a small portion of alloy to harden it, is 22-carat gold; if only half of a piece of metal is gold, it is said to be 12-carat gold, and so on. In the weighing of diamonds the carat is used, but then as a weight and not as a measure of fineness. It is equal to four diamond grains, or 3.17 grains troy, and is divided into various smaller weights.

CARAWAY.—The caraway plant, which is a species of *Umbelliferae*, occurs wild in England, and is cultivated in many parts of Europe for the sake of its seeds. Being pungent and aromatic, these seeds are very useful as a flavouring ingredient, and in the manufacture of scented soaps and perfumes. An oil is distilled from them which has medicinal properties, and they are also the source of the liqueur known as *Kummel*.

CARBOLIC ACID.—Not a true acid. It is prepared from coal-tar, and is an oily liquid at a high temperature, and at ordinary temperatures, when pure, a colourless crystalline compound. It is also called phenol. In solution, carbolic acid is an excellent antiseptic, and a preventative of decomposition in animal and vegetable substances. It is a powerful poison, and may produce poisonous effects even when externally applied. Carbolic acid is the source of various colouring matters. Its chemical symbol is C_6H_5OH .

CARBON COPYING.—(See DUPLICATING.)

CARDAMOM.—The aromatic seed fruit of certain tropical plants which flourish in the East Indies. It is used for rendering medicines more palatable and for making a pleasant cordial. The Russians and Scandinavians employ it as a condiment. Its properties are due to the presence of a volatile oil.

CARD INDEXING.—A system of indexing which has rapidly grown in favour in recent years in the commercial world is that of the card system. As its name implies, it is a method of keeping an alphabetical or numerical index by means of cards instead of by the ordinary indexed book. Cards of various sizes may be used according to the nature of the business and the quantity of matter to be recorded on each card, but, generally speaking, they are about 5 in. x 3 in.—a little under the size of an ordinary commercial postcard. The receptacle for containing the cards consists of either a wooden tray or drawer, from the front of which a metal rod may be run through a hole or slot in the bottom of each card for greater security of the cards, if so desired. The cards are divided into alphabetical order by a set of guide cards, which are distinctively coloured, and have a projecting point on which the alphabetical letter is written or printed. For instance, information as to Brown Bros. would be found on a card at the back of the coloured guide card B, but to ensure greater facility in finding the required card, in cases where numerous cards are used, the letters of the alphabet might be further subdivided by a vowel index, e.g., Ba, Be, Bi, Bo, Bu, By.

Card indexes may be used for a variety of purposes; in fact, there is hardly a purpose to which the commercial book of record is put which may not also be filled efficiently by the card index. It may be used as an index to the letters on the vertical file (see VERTICAL FILING), as a catalogue of the books in a library, a record of enquiries and quotations, a list of customers, a doctor's record of his cases and patients, a clergyman's memorandum of his parishioners, particulars of travellers' calls, a summary of a student's notes, deliveries against orders, results from advertising, etc., etc.



Its chief advantages are (1) the facility of turning up the required information, (2) its adaptability and ease of expansion, (3) the total elimination of all dead matter. Cards containing data or names which have ceased to be required may be taken out and transferred to a separate receptacle, thus narrowing down the cards in use to actual "live" matter only. The labour of writing out a new index when an ordinary book index is filled is entirely dispensed with when the card system is used; it may be expanded to any dimensions by simply adding new cards.

A few examples of the usefulness of the card index may be mentioned here. Supposing a firm not already numbered amongst present customers sends an enquiry for goods and a price is quoted. The name of the firm and details of the enquiry are entered on a card and placed in a special drawer or tray, so that the matter may not escape attention. If the order or a reply is not received in a reasonable time, the card comes up for further attention, and is not lost sight of until the matter has been settled one way or another. The card may then take its place in the general list of customers or in a miscellaneous index, which will be useful for a mailing list or special circularising index.

Let us look at the extreme suitability of the card index for recording the results of travellers' calls. The most common method in use is perhaps that of the traveller sending to his employers daily or weekly reports of his calls. These reports are generally placed on a special file in their order of date, but it will be quite obvious that reference to any customer or prospective customer named therein cannot be made without the expenditure of considerable time and trouble. By the use of a card index, a separate card may be kept for each customer (indexed either alphabetically or by town), and particulars of the result of calls, enquiries, orders, etc., entered on the card by a junior clerk from the travellers' reports. The card relating to any firm requiring special attention or worth "nursing" might be indicated by attaching an upright tab or signal to same, and so making it conspicuous amongst the rest of the cards. This systematic handling of travellers' reports would,

information as to trade references, maximum amount of credit, mode of payment, etc. In taking out balances at certain periods, every book-keeper knows the vast amount of labour involved in turning over leaves containing nothing but closed accounts, and the danger there is of inadvertently passing a "live" account in their midst. Another great waste of time is caused by sometimes having to refer to two or more folios when an account has outgrown its estimated proportions, and has had to be transferred to another part of the ledger. All this work is saved by the card ledger. Immediately an account is closed, the card is transferred to a closed account drawer, and there takes its place in either alphabetical or numerical order, being easily referred to whenever the necessity arises. If an account outgrows one card, another blank card is simply placed behind it, and the full account from the first item to the last is thus kept compact and complete.

Although, as before stated, the card ledger is adaptable to any kind of account, it is specially useful to business houses which have a multiplicity of small accounts. Take as an example a firm which sells goods on the hire system, to be paid for at a small sum per week—bicycles and sewing machines, for instance. It is probable that when once these goods have been supplied, the account will be closed for good; still, if the account were in the ordinary book ledger it would have to encumber it until the remainder of the book was filled. On the card system, however, the closed account would be removed out of the way to another receptacle and only the live accounts would be in evidence. In the case of payments falling into arrear, or requiring special attention, it is usual to affix to the card a small clip or tag, which stands out as a signal and compels one's attention to be drawn to the card.

Cards of various rulings are generally stocked by stationers, a useful one having the following columns: Date; Details of Debit or Credit; Dr. Column; Cr. Column; Balance. Guide cards of a distinctive colour are placed at intervals of twenty or fifty cards, *e.g.*, reading from the front of the drawer the outstanding guide cards will read 20, 40, 60, 80, 100, 120, and so on, greatly facilitating reference.

CARGO.—"Cargo" is a word with different meanings. It may mean one thing in a charter party, another in a policy, and another in a contract of sale. "The word must, therefore, be interpreted with reference to the context."

Generally speaking, the term "cargo," unless there is something in the context to give it a different signification, means the entire load of the ship which carries it. So when a contract shows that the buyer of a cargo is to have complete control over the destination of the vessel, "cargo" means the entire ship-load and not a shipment, and the buyer of, *e.g.*, "a cargo of from 2,500 to 3,000 barrels (seller's option)," may reject a tender of 3,000 barrels on the ground that other barrels had been shipped by the same vessel, and, therefore, that a "cargo" was not tendered. On the other hand, the buyer of a cargo, the quantity being mentioned, is bound to take the cargo, whatever its quantity, unless the contrary is very plainly shown. Where, however, the question is on a policy of insurance, "cargo" does not necessarily mean the whole loading.

A policy on a ship does not cover any part of the

cargo. A policy on "goods" means only such goods as are merchantable, *i.e.*, cargo put on board for the purposes of commerce. Hence it is that clothes and other personal effects are not covered by a general policy on goods and merchandise, nor the ship's provisions, even though the ship carries nothing but passengers.

A shipowner must give notice to the charterer of the ship's readiness to load her cargo at the place agreed on in the charter. In the absence of express stipulations qualifying it, the duty of the charterer to furnish a cargo according to the charter is absolute. The charterer, therefore, will not be relieved from his express contract to load in a fixed time, or from his implied contract to load in a reasonable time, by anything preventing him from bringing a full and complete cargo to the place of loading.

A ship to be ready to load must be completely ready in all her holds, so as to afford the charterer complete control of every portion of the ship available for cargo.

If there are several usual loading places in the port, and no express agreement has been made on the point, the charterer has, it seems, the option of requiring her to load at any one of them; but such an option ought to be exercised in time to avoid putting the ship to extra expenses in moving from one place to another. If a charter party makes no express provisions for the time to be allowed the merchant for loading or discharging, the law will imply that the parties intended that at a reasonable time should be allowed for these operations. Questions have arisen as to whether reasonable time is to be measured by reference to the circumstances which ordinarily exist or to the actual circumstances at the time of the performance of the obligation. It is now settled that the latter is the true measure, provided the delay complained of is attributable to causes beyond the control of the party on whom the obligation rests.

The exceptions in a charter party do not usually apply to protect the charterer who has failed to load till the joint operation of loading is ready to begin, ship and cargo being ready at the place of loading. Thus, in the absence of express exceptions, the charterer will not be excused from loading by strikes, bankruptcy of merchants supplying the cargo, or non-existence of such cargo, ice, bad weather, railway delays, or Government orders. The charterer may be released from such a contract by: (1) express exceptions, it being proved that the perils excepted do not merely exist, but directly prevent the loading of the ship; (2) evidence which shows that the parties when they contracted were aware of a particular state of things which might cause delay, provided that the actual delay is not unreasonable; (3) evidence that there is only one method of loading ever used at the port, which involves in all cases the transit of cargo from a particular place in a particular way, in which case accidents preventing such transit may come within exceptions "preventing loading."

The manner in which goods are to be shipped is ascertained, where not expressly agreed upon, by reference to the usages of the place. Apart from special agreement, or custom, the shipper must, at his own expense, bring the goods to the place where the ship is lying. The expense of putting the goods on board and stowing them is then borne by the shipowner. Where the contract provides that the cargo is to be brought "alongside" by the

charterer, it seems to mean that the cargo must be brought actually to the side of the ship. It is not sufficient to place the goods on the wharf near the ship, so as to throw the expense of moving them to the edge of the wharf upon the shipowner, and if the loading is done by lighters, the cost of lightering must be paid by the charterer, though the vessel may not be able to be at the usual loading place.

The usual form of charter provides that the freighter shall load a "full and complete cargo," and he is bound to do so, provided there is no default by the shipowner. Where a full cargo is to be shipped, consisting of heavy and light goods, or of different kinds of goods at lower and higher freights, it is often material to ascertain the precise meaning of the contract; as in the latter case, the amount of freight may depend on the character of the goods laden, and in the former, the shipowner would be benefited by the shipment of heavy goods adapted to supply the place of ballast. Usually the shipper has the option to load what goods he thinks best, and the shipowners are bound to ballast the ship properly.

"A full and complete cargo of sugar and molasses" has been shown to mean a full cargo of sugar and molasses packed in hogsheads and puncheons, though when so packed the ship could not be completely filled.

"Full and complete cargo" means a full and complete cargo according to the custom of the port of loading. Where a vessel is chartered as of a certain capacity, and the charterer undertakes to load a "full and complete cargo," he cannot limit his liability by the capacity named on the charter, but must load as much cargo as the ship will carry with safety, but where a certain number of tons is stipulated for in the clause as to cargo, that number and not the actual capacity of the vessel will constitute the approximate measure of the charterer's obligation. Thus a charter party provided that the ship should proceed to the port of loading and there load "a full and complete cargo of iron ore, say, about 1,100 tons." The charterer provided a cargo of 1,080 tons, the actual capacity of the ship being 1,210 tons. It was held that the words, "say, about 1,100 tons," were not mere words of expectation, but words of contract, and that the charterer's undertaking was not to load the ship up to her actual capacity, but that 3 per cent was a fair amount of excess over 1,100 tons to allow in estimating what was a full and complete cargo of about 1,100 tons, and consequently the cargo actually provided fell short of the charterer's obligation by 53 tons (*Morris v. Levison*, 1876, 1 C P D. 155). If there is a customary mode of preparing particular goods for shipment at the port of loading, the expression "full and complete cargo" in relation to these goods must be construed with reference to that practice.

A statement of the capacity of the ship in a charter party under which the charterer is bound to load a full and complete cargo, is a representation merely and not a warranty. Thus where in a charter party, under which the defendant was bound to load a complete cargo of coals, the ship was described as "of the measurement of 180 to 200 tons or thereabouts," it was held that these words amounted to a representation only, and that the defendant was bound to load a complete cargo, although the vessel was of the measurement of 257 tons.

The shipowner's responsibility for the goods attaches as soon as they are delivered to his

servants. The subsequent expenses and risks of putting the goods into the ship are generally borne by the shipowner, so that any accidental loss or damage which may happen in doing this will fall upon him unless the contract relieves him of it.

The right to sue for a breach of contract on the carrier's part where goods have been delivered to him to be carried without any special contract being made, seems to be in the person to whom the goods belonged at the time of bailment, or who is to bear the risk of transit, but where the goods are carried under a special contract, its terms must be looked at, and if it appears that the person who shipped the goods was the contracting party, he may sue and is liable upon the contract, although he may have been acting for another, and may have no interest in the goods. Where a shipper ships goods in the ordinary way under a bill of lading, and does not notify that he is acting only as agent, then, whether the consignee is named or not, the contract is, in the first instance, between the shipowner and the shipper, although the freight is made payable abroad by the consignee, but if it is shown that the shipper was acting as an agent, the principal may claim the benefit of the contract, and may be made liable upon it. Cargo may have been lost or damaged while in the shipowner's custody under circumstances which entitle the owner to compensation from persons other than the shipowner, as in the case of collision. Where goods are shipped under a bill of lading, the proper persons to sue are those in whom the property in the goods is vested at the time of the collision, and this fact must be determined by the terms of the contract of sale. Any person who had any interest in the goods which have been damaged has also a right to sue in respect of the damage. If the person whose goods were damaged was insured, and he has been indemnified by the underwriters, he may still sue on their behalf. The underwriters are entitled to the benefit of the assured's right of action, either against the wrongdoer or against the shipowner on the contract, where he is liable, and they may sue in the name of the assured upon properly indemnifying him.

Where damage to ship and cargo is occasioned by collision, the remedy is equally open to the owner of the ship and the owner of the cargo. The owners of the cargo may join in the action brought by the shipowners, or they may institute a separate suit.

CARGO BOOK.—A book kept by shipbrokers, containing the weight, mark, number, and measurement of all goods taken on board ship, and stating whether they were received by land or by water.

CAROB.—An evergreen tree of the order *Leguminosæ*, found along the shores of the Mediterranean. It is also called the locust tree, and its pods are known as carob-beans, locust beans, and St. John's bread. They contain a sweet, nutritious pulp, and are chiefly valuable for cattle food, but they are eaten by the natives of Southern Europe and Western Asia. A strong spirit, as well as a liqueur, is made from them in Spain and Italy.

CARPET.—A floor covering made of a woollen, worsted, or mixed fabric. Carpets were originally introduced into Europe from the East, where they have been known since very early times; and Turkey, Persian, and Indian carpets are still highly valued for their beauty and finish. The finest Persian carpets are made in Kurdistan; and Persian influence is evident in India, where the

industry is very widespread, and a variety of materials is used, including silk and velvet for the richer qualities and cotton for the inferior sorts. Turkey carpets were introduced to Western Europe after the Crusades. The most characteristic patterns are diamond shapes and zigzags, and a rich effect is produced by the arrangement of colours. Ushak, near Smyrna, is the chief seat of manufacture.

France was the first country in Europe to start the manufacture of carpets, and the industry was introduced into England by French immigrants towards the end of the seventeenth century. Great Britain is now the headquarters of carpet-making, immense quantities being exported to foreign countries. The principal seats of manufacture are Kidderminster, Halifax, Leeds, Kilmarnock, Glasgow, Aberdeen, and Dundee. The principal kinds of carpets are—

(1) **Kidderminster**, also known as *Scotch*, and manufactured mainly at Kilmarnock. This is the oldest kind of machine-made carpet.

(2) **Brussels**, generally made of wool, with a back of stout linen thread. The loom for this sort was introduced into England from Tournai in the middle of the eighteenth century. Wilton or velvet pile is a variety of Brussels carpet, so prepared as to give the surface a velvet-like appearance.

(3) **Tapestry**. One of the cheaper sorts, made by printing the warp yarn before weaving, and thus dispensing with much of the apparatus required for Brussels carpets, which it resembles.

(4) **Axminster**. An imitation of Turkey carpets, until a patent was obtained in 1839. Axminster carpets are very durable and much used. An improved make, known as the Royal Axminster, has been introduced.

(5) **Jute**. The cheapest and least durable of all carpets. Dundee is the chief seat of manufacture.

CARRAGEEN.—Also known as Carragheen moss or Irish moss, being found abundantly at Carragheen, near Waterford, in Ireland. It is a species of reddish seaweed, which, when washed in fresh water, bleached, and dried, is used for making a very nutritious jelly, valuable as a food for invalids. It is also employed in the manufacture of size, paper, cloth, and as a food for cattle. There are large importations from the United States.

CARRARA MARBLE.—The beautiful marble, usually white in colour, quarried at Carrara, near Spezia, in Italy. There are about 500 quarries, and the marble is in great request on account of its fine grain, its purity, and durability. Green, yellow, and black varieties are occasionally seen.

CARRIAGE AND INSURANCE.—A carrier who has undertaken the liability of a common carrier may insure goods which are in his possession for the purpose of conveyance by him, but the presumption is that he effects such insurance for his own protection and not as agent; and in any case the fact that he has so insured does not, in the absence of a contract to the contrary, limit his liability as a common carrier. Common carriers may insure goods in their possession as carriers describing them as "goods in trust as carriers," and such an insurance will cover the whole value of the goods, and if the goods are destroyed by fire the carrier will be entitled to recover from the insurer their full value, and it will make no difference that the carriers were not responsible for losses by fire. A liability in case of the loss of a thing gives an insurable interest in the thing to the person on

whom the liability rests. Thus, the liability of carriers or of insurers to compensate or indemnify in respect of losses affecting property carried or insured by them is an interest in the property which is insurable. A shipowner or other carrier has an insurable interest in the goods which he carries in respect of his liability for loss or damage that may happen to them during transit. At the same time the insurable interest of the owner of the goods is not affected by the existence of this liability. The general rule is thus stated in Section 14 (3) of the Marine Insurance Act, 1906—

"The owner of insurable property has an insurable interest in respect of the full value thereof, notwithstanding that some third person may have agreed, or be liable, to indemnify him in case of loss."

An insurer of goods lost while in course of transportation by a carrier is entitled, after payment of the loss, to recover what he has paid from the carrier, except where the shipper has agreed that the carrier shall have the benefit of insurance on the goods.

CARRIAGE LICENCES.—(See LICENCES.)

CARRIAGE OF ANIMALS.—Section 7 of the Railway and Canal Traffic Act, 1854, enacts that every railway or canal company shall be liable for the loss of or for any injury done to any horses, cattle, or other animals, or to any articles, goods or things, in the receiving, forwarding, or delivering thereof, occasioned by the neglect or default of such company or its servants, notwithstanding any notice, condition, or declaration made and given by such company, contrary thereto, or in any wise limiting such liability, every such notice, condition, or declaration being hereby declared to be null and void. The section, however, contains the following provisos—

(1) The section shall not be construed to prevent such companies from making such conditions with respect to the receiving, forwarding, and delivering of any of the said animals, etc., as shall be adjudged by the court or judge to be *just and reasonable*.

(2) No greater damages shall be recovered for the loss of or for any injury done to any such animals beyond the following sums, namely: For any horse, £50; for any neat cattle, £15 per head; for any sheep or pig, £2 per head; unless the person delivering the same to the company shall at the time of the delivery have declared them to be of higher value, in which case the company may demand and receive by way of compensation for the increased risk and care thereby occasioned a reasonable percentage upon the excess of the value so declared above the respective sums so limited, which percentage shall be paid in addition to the ordinary rate of charge; and such percentage or increased rate of charge shall be notified in the manner prescribed in the Carriers Act, 1830 (*q.v.*), and shall be binding upon the company in the manner therein mentioned.

(3) The proof of the value of such animals, etc., and the amount of the injury done thereto, shall in all cases lie upon the person claiming compensation for such loss or injury.

(4) No *special contract* between such company and any other parties respecting the receiving, forwarding, or delivering of animals, etc., shall be binding upon or affect any such party unless the same be signed by him or by the person delivering such animals, etc., for carriage.

(5) The section shall not alter or affect the rights,

privileges, or liabilities of any such company under the Carriers Act (*q.v.*) with respect to articles of the description mentioned in that Act.

This section extends only to loss or injury occasioned by negligence, or default in the nature of negligence, on the part of the company or of their servants while acting within the scope of their employment, and does not, therefore, affect the right of the company to make a special contract against loss by theft by their servants without such negligence or default. It extends to all animals, notwithstanding the proviso, and by the proviso the amount of damages recoverable where there is no declaration is limited only in cases of the animals which it specifies, viz., horses, neat cattle, sheep, and pigs. If animals within the proviso are injured during the course of their being received, and before the declaration has been made, only the limited damages are recoverable. The declaration of value, even though not part of the contract of carriage, will form as against the customer the basis on which damages will be assessed; but to entitle the company to rely on it, it must be formally made. "Injury" includes, in the case of animals, injury caused by want of food or water through negligence in delivery.

If a common carrier does not by his public profession and practice undertake to carry dogs and live animals, he may decline to carry them except upon special conditions, and under a special contract; but in the case of a railway or canal company the conditions or special contract must be just and reasonable, and must exempt the company from liability for their own neglect or default, and must be in writing signed by the consignor or his agent. A railway company must, under Section 2 of the Railway and Canal Traffic Act, 1854, afford reasonable facilities for carrying animals. Although railway companies are not bound to be common carriers of animals, yet being bound by the Act of 1854 to afford reasonable facilities for the carriage of animals, they can only limit their liability in respect thereof by reasonable conditions. A condition that the company will not be liable for damage to cattle unless the damage is pointed out at the time of unloading is unreasonable where there is no option. A dog was consigned by the plaintiff for carriage by the defendant's railway under a special contract signed by the plaintiff, which contained a condition that the defendants would not "in any case be responsible beyond the following sums . . . dogs, deer, or goats, £2 each, unless a higher value be declared at the time of delivery to the company, and a percentage of 1½ per cent. (minimum 3d.) paid upon the excess of the value so declared." The value of the dog was £300, and the plaintiff paid 4d. for its carriage, but made no declaration as to its value. The dog was lost owing to the negligence of the defendants. In an action to recover its value, the defendants contended that the plaintiff was only entitled to recover £2, and they gave evidence that the special rate of 1½ per cent. was the usual charge made by all railway companies. It was held by the Court of Appeal that the special rate of 1½ per cent. was just and reasonable, and that, therefore, the plaintiff was entitled to recover only £2 (*Williams v. Midland Railway Co.*, 1908, 1 K.B. 252). A condition that the company will not be responsible for loss of animals from overcrowding is unreasonable. The declaration of value must be such as to convey a distinct intimation that the sender intends to hold the company

responsible for the higher sum. If there is no such declaration, the company cannot demand insurance money beyond the usual charge, on the ground that a servant of the company has been casually informed what the animal is worth. The contract, if not signed by the owner, is void only as against him; it is still binding upon the company. A condition that the company will accept no responsibility will not excuse them from the consequences of their own negligence. A condition exonerating the company from liability for damage occasioned by kicking, plunging, or restiveness, does not exonerate the company if the restiveness is caused by their negligence. A condition exempting the company "from all liability for loss or damage by delay in transit, or from whatever other causes arising," relieves the company from liability for the negligence of their own servants. A railway company are not bound to provide fences or guards at the station where the animals may be landed, between the line and the station-yard, so as to prevent them straying on the line. Where a railway company agree to carry at a reduced rate (the contract being *bond fide* and not colourable), upon condition of being relieved from the ordinary liability for negligence, and to be responsible only for the consequences of the wilful misconduct of their servants, it will be for the plaintiff in an action for injury to the goods carried to prove more than culpable negligence. There must be evidence of actual wilful misconduct causing the injury.

Where it is the custom of a railway company to feed animals consigned to them for carriage at the expense of the consignor during delay in transit, a request will be implied, and the company incur liability for any loss occasioned by leaving the animals unfed.

The Board of Agriculture are empowered under Section 22 of the Diseases of Animals Act, 1894, to make such orders as they think fit for the following amongst other purposes: (1) For prohibiting or regulating the movement of animals and persons into, within, or out of an infected place or area; (2) for prohibiting or regulating the sending or carrying of diseased or suspected animals, or of dung or other thing likely to spread disease, or the causing the same to be carried on railways or canals; (3) for prescribing and regulating the cleansing and disinfecting of vessels, vehicles, and pens and other places used for the carrying of animals for hire; (4) for ensuring for animals carried by sea a proper supply of food and water and proper ventilation during the passage and on landing; (6) for protecting animals from unnecessary suffering during inland transit; (7) for securing a proper supply of water and food to animals during any detention thereof. And Section 23 of the same Act provides that—

"Every railway company shall make a provision, to the satisfaction of the Board of Agriculture, of water and food, or either of them, at such stations as the Board, by general or specific description, direct, for animals carried, or about to be, or having been carried on the railway of the company. The water and food so provided, or either of them, shall be supplied to any such animal by the company carrying it, on the request of the consignor or of any person in charge thereof. As regards water, if, in the case of any animal, such a request is not made, so that the animal remains without a supply of water for twenty-four consecutive hours, the consignor and

the person in charge of the animal shall each be guilty of an offence against this Act; and it shall lie on the person charged to prove such a request and the time within which the animal had a supply of water. But the Board may, if they think fit, by order prescribe any other period, not less than twelve hours, instead of the period of twenty-four hours, generally, or in respect of any particular kind of animals. The company supplying water or food under this section may make in respect thereof such reasonable charges (if any) as the Board by order approve, in addition to such charges as they are for the time being authorised to make in respect of the carriage of animals. The amount of those additional charges accrued due in respect of any animal shall be a debt from the consignor and from the consignee thereof to the company, and shall be recoverable by the company from either of them, with costs, by proceedings in any court of competent jurisdiction. The company shall have a lien for the amount thereof on the animal in respect whereof the same accrued due, and on any other animal at any time consigned by or to the same consignor or consignee to be carried by the company."

Where a railway company under a contract for carrying animals by sea procure the same to be carried in a vessel not belonging to them, they are answerable in damages in respect of loss or damage to such animals in like manner and to the same extent as if the vessel had belonged to them; provided that the loss or damage to such animals happens during the carriage of the same in such vessel, the proof to the contrary to lie upon the railway company. (See MERCHANTS' AND OWNERS' RISKS.)

CARRIAGE OF GOODS.—(SEE CARRIERS, CONSIGNMENT OF GOODS BY RAIL, ETC.)

CARRIERS.—There are three kinds of carriers: (1) Carriers without hire; (2) private carriers, or carriers for hire who are not common carriers; and (3) common carriers.

Carriers without Hire. The law imposes upon a carrier without hire, or the person who undertakes to carry goods for another gratuitously, the obligation only of slight diligence, and renders him liable only for gross negligence. The leading case in support of the above proposition respecting the liability of a carrier without hire is the case of *Coggs v. Bernard*, 1703, 2 Ld. Raym. 909. It is the case generally cited for the proposition that "if a person undertakes to perform a voluntary act, he is liable if he performs it improperly, but not if he neglects to perform it." The confidence induced by undertaking any service for another is a sufficient legal consideration to create a duty in the performance of it. In that case the defendant undertook to remove several casks of brandy from one cellar to another, and there lay them down safely, but did it so negligently that one of the casks was staved. The courts were unanimously of opinion that an action lay. In that case the defendant had undertaken to lay the goods down safely, whereby he introduced a special term into his contract, and it would appear that there is a difference between the effect of a gratuitous undertaking to keep or carry goods and of a gratuitous undertaking to keep or carry them safely. If the agreement in the above case had been executory, as if the defendant had promised to carry the goods in question, and had failed to do so, no action could have been sustained; and had some person run against the

defendant in the street and thrown down the casks of brandy, or had privately pierced them, the defendant would not have been liable, because he was to have no reward. A gratuitous and voluntary agent, therefore, who has given no special undertaking, though the degree of his responsibility is greatly inferior to that of a hired agent, is yet bound not to be guilty of gross negligence. *Prima facie* a gratuitous carrier of goods for another, who keeps them with the same care as he keeps his own of the same description, is not guilty of gross negligence, but this presumption may be repelled by evidence of actual negligence, or of conduct which, though applied to his own goods as well as to those of the bailor, would be deemed negligence in a man of ordinary prudence. In considering what is gross negligence, the nature and value of the property delivered to be carried gratuitously must be considered. If a person gratuitously undertakes to carry goods to the best of his skill, when his situation or profession is such as to imply skill, an omission to use that skill is imputable to him as gross negligence, because in the case of a skilled person that may be considered gross negligence which in an ordinary unskilled person would only be a slight want of care. A person who carries goods gratuitously as a general rule is excused for a loss occasioned by theft or robbery; but yet, if the circumstances attending a loss alleged to have been so occasioned are of a suspicious character, tending to throw a doubt upon the good faith of the carrier, a jury will naturally disbelieve the theft or robbery, and treat the loss as not accounted for. A gratuitous carrier has, by reason of the bailment and his possession of the goods entrusted to him, such a special property or interest in the goods as will enable him to bring an action against a wrongdoer for an injury to the goods, but the case would be different where the carrier violates the terms of the bailment upon which he received the goods. If the gratuitous carrier must necessarily incur expenses in the execution of the commission entrusted to him, he is clothed with an implied authority to defray such expenses, and may maintain an action for the money paid; but no lien is permitted to be claimed by one upon the property of another for the expenses attendant upon the execution of a gratuitous commission.

Private Carriers. Any person carrying for hire who does not come within the definition of a common carrier is a private carrier. A private carrier has been defined to be a person whose trade is not that of conveying goods from one person or place to another, but who undertakes upon occasion to carry the goods of another and receives a reward for so doing. Every such private person is bound to use ordinary diligence and a reasonable amount of skill, and, of course, he is not responsible for any losses not occasioned by the ordinary negligence of himself or of his servants. He is not, therefore, liable for any loss by thieves, or for any taking from him or them by force. This is the general rule; and it applies to all cases where he has not assumed the character of a common carrier, unless, indeed, he has expressly, by the terms of his contract, taken upon himself any such risk. Thus a private person, who has undertaken the carriage of goods for hire, and warranted that they shall go safely, will be held liable upon his undertaking for any loss within the scope of his contract, although not as a common carrier; but even an express undertaking by a private person to carry goods

safely and securely is but an undertaking to carry them safely and securely, free from any negligence of himself or his servants, and it does not insure the safety of the goods against losses by thieves, or any taking by force. In most cases it is a question of fact for a jury whether ordinary diligence has been used, and depends much upon particular facts and circumstances, the nature and value of the property, etc. If the owner of the goods in the hands of a private carrier accompanies the goods to take care of them, and is himself guilty of negligence, by which the goods are lost, or if there is as much reason to attribute the loss to the negligence of the one party as to the other, the carrier is not liable. If the owner of the goods delivers them to the carrier in such a way that they are in the entire control of the carrier, the latter will be liable for them, even though the owner may exercise a certain supervision over their transport. The implied liability of a private carrier for ordinary diligence may be diminished by special agreement or acceptance. Indeed, there is no reason why bailees (at least other than common carriers) may not contract either for a larger or a more restricted responsibility than that which the law imposes upon them, in the absence of any special contract. They may become insurers against all possible hazards, or they may say they will answer for nothing but a loss happening through fraud or want of good faith. In a suit against a carrier for goods lost, the promise of the carrier, after the commencement of the suit, to pay for the goods if the plaintiff would swear to a list of them, was held an admission of the carrier's liability, and an affidavit of the plaintiff, made in pursuance of such promise, is admissible in evidence as to the amount of demand.

Common Carriers. A common carrier is a person who undertakes to transport from place to place, for hire, the goods of such persons as think fit to employ him. Such are stage-coach and stage-wagon proprietors, lightermen, hoymen, barge-owners, canal boatmen, and the owners and masters of ships and steamboats employed as general ships trading regularly from port to port for the transportation of all persons offering themselves or their goods to be conveyed for hire to the port of destination. To render a person, therefore, liable as a common carrier, he must exercise the business of carrying as a public employment, and must undertake to carry goods for all persons indiscriminately, and hold himself out, either expressly or by course of conduct, as ready to engage in the transportation of goods for hire as a business, and not merely as a casual occupation. A person may be a common carrier of one class of goods, while he is not a common carrier of another, but if he has been accustomed to carry all kinds of goods, he cannot of his own free will limit his duty to one particular class of articles. Where the acts or conduct of the individual in the ordinary course of business lead the public to conclude that he is carrying on the business of a common carrier, and where such an understanding as the ground of an agreement is not modified by a special contract, the individual so acting will be held to be a common carrier. Evidence that at the door of a booking-office there is a board on which is painted "Conveyance to all parts of the world," and a list of names of places, is not sufficient proof that the owner of the office is a common carrier, so as to charge him for the loss of a box that was booked there. A London cabdriver

is not a common carrier, nor is a furniture remover; but a barge-owner is, although he does not ply between any fixed termini, and only lets his barges for a single voyage to one person at a time, if he lets out his vessels for the conveyance of the goods of any person who applies to him. A person who conveys passengers only is not a common carrier. So railway companies are not common carriers of passengers. Railway companies, though not common carriers of passengers, are common carriers of goods, including, it seems, live animals, unless exempt by some special provision; that is to say, they are common carriers of goods which they are specially bound by statute to carry, or profess to carry, or actually carry, for persons generally, but not of goods which they do not profess to carry, and are not in the habit of carrying, or only carry under special circumstances, or subject to express stipulations, limiting their liability in respect of them. It seems that, subject to statutory exemptions, railway companies are common carriers of passengers' personal luggage, which under then several Acts of Parliament they are bound to carry free of charge, whether it is carried in the luggage van or in the carriage with the passenger. Then liability as common carriers may, however, be modified to the extent that, if loss happens by reason of want of care by the passenger himself who has taken within his own immediate control the goods which are lost, then contract as insurers does not apply to loss occasioned by the passenger's own default. Unless, however, it has been so modified, the general liability continues.

Everybody who undertakes to carry for anyone who asks him is a common carrier. The criterion is, whether he carries for particular persons only, or whether he carries for everyone. If a man holds himself out to do it for everyone who asks him, he is a common carrier, but if he does not do it for everyone, but only for particular persons, that is a matter of special contract. In *Scarf v. Barrant*, 1875, L.R. 10 Ex. 358, the defendant was the agent of a railway company for collecting and delivering goods and parcels, and also carried on, upon his own account, the business of a carrier, removing goods and furniture for hire for all persons indifferently who applied to him, in his own vans, which he sent by road or rail to all parts of England, the goods and furniture being previously inspected before any contract was made. Generally in such contracts the van or vans were hired by, and filled with the goods of one person only. The plaintiff having applied to the defendant to remove his furniture from one town to another, and the defendant's foreman having inspected it, the parties agreed that the defendant should remove the furniture for £22 10s., the defendant "undertaking risk of breakages (if any) not exceeding £5 on any one article." After this furniture was placed in the defendant's vans, and while in transit, it was burnt without any negligence on the defendant's part. It was held that the special contract showed that the parties intended to limit the defendant's liability to loss by breakage or by the defendant's negligence, and excluded any question of liability as a common carrier, and that the plaintiff could not recover.

Forwarding Agents. Forwarding agents, who usually combine in their business the double character of warehousemen and agents for remuneration to forward goods to their destination, if they have no concern in the vehicle by which the goods

are sent, and have no interest in the freight, are not liable as common carriers, but are, of course, liable, like warehousemen and common agents, that is, for ordinary diligence, and for that only. They are responsible only for want of good faith and reasonable and ordinary diligence, but one of their first duties, as consignees for transmission, undoubtedly is to obey the instructions of the consignor, either express or fairly implied, and when they undertake to depart from the instructions, from whatever motive, and a loss is thereby occasioned, they are clearly liable to the owner of the goods. Sometimes a person is both a common carrier and a forwarding merchant, and receives goods into his warehouse to be forwarded in obedience to the future orders of the owner, and if, in such case, the goods are lost by fire before such orders are received, or the goods sent forward, he is not chargeable as common carrier, but only as warehouseman. His duty as carrier ends also when the goods have arrived at the place of their fixed destination and are deposited in the carrier's warehouse, when his duty as warehouseman again commences. But if the deposit in the warehouse of the carrier is at some intermediate place in the course of his route, or if, after the arrival at the place of destination, he is still under obligation to deliver the goods to the owner, and before such delivery he has put them into his own warehouse, where they are consumed by fire, he will be liable for the loss, his duty as carrier not being ended.

Liability at Common Law. A common carrier is liable for loss of or injury to the goods entrusted to his care, unless the loss or injury arises from (1) the act of God, (2) the king's enemies, (3) contributory negligence on the part of the owner, or (4) the inherent vice in or natural deterioration of the thing carried. The expression "act of God" is descriptive of events which cannot be foreseen, or which, if they can be foreseen, cannot be guarded against, an act of Nature, direct, violent, sudden, and irresistible, such as storms, tempests, and lightning. An extraordinary fall of snow or rain, an extraordinarily high tide, an extraordinarily severe frost, such as could not have been reasonably foreseen and guarded against, are held to be exceptional events of this kind. The term "act of God" is not synonymous with that of "inevitable accident." All causes of inevitable accident may be divided into two classes: those which are occasioned by the elementary forces of Nature, unconnected with the agency of man or other cause; and those which have their origin, either in whole or in part, in the agency of man. The term "act of God" is applicable only to the former class. To prevent litigation, the law presumes against a carrier in every case, except such act as could not happen by the intervention of human means. A loss by fire, unless by lightning, is a loss not in opposition to the act of man, and, therefore, the general law is clear that a common carrier is in such cases an insurer against such fire. A common carrier is not bound to use extraordinary efforts or incur extra expense in order to surmount obstructions caused by the act of God.

By the expression "king's enemies" is understood public enemies with whom the nation or state is at open war, and likewise pirates, but it does not include thieves and robbers.

It is the duty of the carrier to do what he can, by reasonable skill and care, to avoid all perils, including the excepted perils. If, notwithstanding

such skill and care, damage does occur from these perils, he is released from liability; but if his negligence has brought on the peril, the damage is attributable to his breach of duty, and the exception does not aid him. The precise degree of care which it is the duty of a carrier to use in delivering the goods entrusted to him must depend upon and vary with the nature and condition of the thing carried, and the ever-varying circumstances under which the delivery takes place. Some goods require much more tender handling than others, some animals much more care and management than others, according to their nature, habits, and conditions, and the line of conduct which the carrier should propose to himself is that which a prudent owner would adopt if he were in the carrier's place, and had to deal with the goods or animals under the circumstances, and subject to the conditions in which the carrier is placed, and under which he is called on to act.

A common carrier impliedly promises that he will provide conveyances reasonably fit for the purpose, and servants of competent skill. The "act of God" does not exonerate the carrier if there has been negligence, and if there would have been loss apart from the act of God. Common carriers are not responsible for the "inherent vice" of the goods which they carry, so that where animals are injured by their own acts and without any negligence on the part of the carrier, the carrier is not liable. Nor is a carrier liable for an inherent tendency of goods to decay or ignite. He is not liable, for instance, for any damage from the ordinary decay of oranges or other fruits in the course of their voyage, but he is nevertheless bound to take all reasonable care of such perishable goods, and if they require to be aired or ventilated, he must take the usual and proper methods for this purpose.

A common carrier, when he is expressly directed to carry goods delivered to him in a particular manner and position, is bound to carry them in that manner and position, and if he carries them otherwise, and they are lost or damaged, the burden will be upon him to prove that the loss or damage was in no degree attributable to his breach of contract. But if glass, china, or any brittle or perishable commodity, requiring great care for its safe conveyance is baled to a carrier, enclosed in boxes, and no directions are given as to how the boxes are to be carried, and no notice of the peculiar nature of their contents is given, the carrier is only bound to take the ordinary care of the boxes which their general character and appearance seem to require.

Delivery of Goods to a Common Carrier. Every common carrier is bound to accept and carry all such things as he publicly professes to carry for all persons who are ready and willing to pay him his customary hire, provided he has room in his cart or carriage for their conveyance. There need be no actual tender of the amount for the carriage if the party avers and proves his readiness and willingness to pay the money for the carriage. The carrier's duty to carry and receive goods does not arise until he is ready to set out on his accustomed journey, and he may refuse to admit goods into his warehouse before he is ready to start. If a common carrier refuses to carry goods offered to him, having no reasonable excuse for such refusal, he can be indicted for his neglect of duty. A common carrier is entitled to be paid the amount of his hire before he undertakes the responsibility of having the goods in his possession, but the amount demanded must

be reasonable, and if a person brings him goods to be conveyed, and tenders him a reasonable amount of remuneration and he refuses to convey the goods upon those terms, he will be liable to an action. He is not bound to convey goods except on payment of the full price for the carriage, according to their value, and if that is not paid, it is competent for him to limit his liability by special contract. A carrier is entitled to make a higher charge for the greater risk attending the carriage of valuable goods, but the charge must be reasonable. If a person, in order to induce the carrier to perform his duty, pays under protest a larger sum than is reasonable, he may recover back the surplus beyond what the carrier is entitled to receive in an action for money had and received. If a carrier limits his business to the carriage of particular classes of goods, he can only be compelled to carry the things he publicly professes to carry, and he is in the habit of carrying. If the carriage of certain commodities is attended with inconvenience or some peculiar risk, he may refuse to receive and carry such articles as a common carrier, but he may nevertheless accept and carry them under special contract, throwing the risk of damage to them from ordinary accidents during the transit upon the owner or consignor. A common carrier may refuse to receive goods where packing is so defective as to entail upon the carrier extra care and extra risks, but in the case of a railway or canal company the conditions or special contract must be just and reasonable, must not exempt the company from liability for their own neglect or default, and must be in writing signed by the consignor or his agent. If a person sends to a carrier's office to inquire as to the rate of charges, the carrier is bound by the representations made by a clerk or servant who is transacting the business there, and if the goods are sent upon the faith of such representation, the carrier cannot charge more than the sum named, although the clerk may have inadvertently made a mistake.

If the package delivered to the carrier does not contain any of the goods mentioned in the Carriers' Act (see *infra*), there is no need to inform him, nor has he any absolute right in all cases to insist on being informed as to its contents or their value before he will accept the package. In some cases it is reasonable that the carrier should have such information, as if he wishes to have a reward proportionate to their value, or to know whether they are goods of that quality for which he has a sufficiently secure conveyance. A person who sends an article of a dangerous nature must take reasonable care that its dangerous nature is communicated to the carrier and his servants, who have to carry it, and if he does not do so, he is responsible for the probable consequences of such omission. If a carrier suspects articles to be of a dangerous nature, he may open the packages.

To render a carrier responsible, there must be an actual delivery to him, or to his servants, or to some other person authorised to act in his behalf, and as soon as such delivery is complete, the responsibility of the carrier, as such, commences. If a carrier directs goods to be sent to a particular booking office, he is answerable for the negligence of the booking-office keeper. Leaving goods in an inn yard from which a carrier sets out is no delivery to the carrier, but if it is the constant usage and practice for a carrier to receive and carry goods left at a particular place, without any special notice of such deposit, a delivery at such a place will be a sufficient delivery

to charge the carrier, although no express notice was given to him or to his agent of such deposit.

Carriers Act. By Section 1 of the Carriers Act, 1830, common carriers by land are exempted from liability for loss of the following articles, when the value of such article or articles contained in such parcel or package exceeds the sum of £10, unless at the time of the delivery thereof at the office, warehouse, or receiving house of such common carrier, or to his servant, for the purposes of being carried or of accompanying the person of any passenger, the value and nature of such articles or property have been declared by the person sending or delivering the same, and an increased charge for the carriage, if required, or an engagement to pay the same, accepted by the person receiving such parcel or package. The articles referred to are the following: Bank notes, bills of exchange, cheques, china, clocks, gold or silver coins of any country, deeds, engravings, furs, glass, gold in a manufactured or unmanufactured state, jewellery, lace, but not machine-made lace, maps, notes for the payment of money, orders for the payment of money, paintings, pictures, plate or plated articles, whether gold or silver, precious stones, securities for payment of money, silks in a manufactured or unmanufactured state, and whether wrought up or not wrought up with other materials, stamps, timepieces of any description, title deeds, trinkets, watches, writings. The Carriers Act does not protect carriers in all cases, where the owner of the articles sustains damage from the neglect of the carrier, but the loss there referred to is confined to those cases where the article is abstracted or lost from the personal care of the carrier. The Act does not protect the carrier from any loss arising from the felonious act of any servant in his employ. The carrier is not deprived of the protection of the Act by the fact that the loss of or injury to the goods happens after they have been negligently taken by him beyond the intended destination. The carrier is not, in any case within the Act, liable for a loss of the articles named in the statute, though occasioned by the gross negligence of his servants, not amounting to a mistake. When the declaration is formally made, the carrier is entitled, if the value exceeds £10 and he has a notice of the increased rate of charge for parcels exceeding the value of £10 put up in his offices, to demand the increased rate of charge, but if he does not think fit to notify the increased rate of charge, he cannot demand it, and if he has notified it but fails to demand it, he must be taken to have received the goods subject to his common law liability, as an insurer for their safe conveyance, and will not be entitled to the protection of the statute. The refusal to declare the contents of a package will not justify the carrier in refusing to carry it, but will only excuse the loss. The consignor is bound by his declaration, and cannot afterwards show that the value of the goods exceeded that declared. If the journey is to be performed partly by land and partly by sea, the contract is divisible, and the carrier is entitled to the protection of the Merchant Shipping Act, so far as the journey is to be performed by sea, and to the protection of the Carriers Act so far as it is to be performed by land, and he will not lose such protection by having received the goods under a special contract, unless its terms are inconsistent with the goods having been received

by him in his capacity of a common carrier. Common carriers are not concluded as to the value of any parcel by the value declared.

Section 2 of the Carriers Act enacts that when any parcel or package containing any of the articles specified in Section 1 are so delivered, and its value and contents declared, and such value exceeds the sum of £10, the common carrier may demand and receive an increased rate of charges, to be notified by some notice affixed in legible characters in some public and conspicuous part of the office where such parcels or packages are received for the purpose of conveyance, stating the increased rates of charge to be paid over and above the ordinary rate of carriage as compensation for the greater risk and care to be taken for the safe conveyance of such valuable articles; and the persons sending or delivering parcels containing such valuable articles are bound by such notices, without further proof of the same having come to their knowledge. The notice must be so legible and conspicuous that a person delivering goods at the office cannot fail to read it without gross negligence.

Section 3 enacts that when the value has been so declared, and the increased rate of charge paid, or an engagement to pay the same has been accepted, the person receiving such increased rate of charges or accepting such agreement shall, if required, sign a receipt for the package or parcel, acknowledging the same to have been insured, which receipt is not liable to any stamp duty, and if such receipt shall not be given when required, or such notices shall not have been affixed, the common carrier shall not be entitled to any benefit or advantage under the Carriers Act, but shall be liable and responsible as at common law, and he is liable to refund the increased rate of charge.

No public notices or declaration made shall be construed to limit or in any wise affect the liability at common law of any such common carriers (Sec. 4).

Special Contract. Where the common carrier is not a common carrier of the particular description of goods tendered him for conveyance, and has the option of receiving them or rejecting them at his own goodwill and pleasure, he may prescribe his own terms of conveyance, and if the party delivering goods to be carried has been personally served with a notice of the terms on which the common carrier carries goods, and after seeing the notice sends the goods, he must be taken to agree that they shall be carried on those terms, and then there is a special contract between him and the common carrier for their conveyance, unless the carriage by railway or canal necessitate a signed contract under the Railway and Canal Traffic Act. But this is not the case with regard to such articles as the common carrier is bound by his public profession and employment to carry. With regard to them, the owner has a right to insist that the common carrier shall receive the goods subject to all the responsibilities incident to his employment. If the carrier gives the consignor a ticket or receipt which has conditions of carriage printed upon it, and the consignor sends the goods knowing that the conditions are there, whether he troubles to read them or not, provided the carrier has done what is reasonably sufficient to give him notice of the conditions, he will be taken to have agreed to the conditions, and they form a special contract modifying the carrier's common law liabilities. If the consignor will not agree to the conditions and the carrier is bound to carry the goods tendered, but refuses to waive the

conditions, the consignor's remedy is to sue the carrier for refusing to carry.

Delivery by Common Carrier. The undertaking of a common carrier is to transport the goods to a particular destination and necessarily includes the duty of delivering them in safety; and he is not entitled to freight until this contract for a complete delivery is performed. But if the warehouseman has fairly taken the goods into his own custody, the moment he applies his tackle to them, from that moment the carrier's liability is determined. If a carrier undertakes to carry goods from one place to another, the owner of the goods may countermand the direction at any moment of their transit, and require the carrier to deliver at a different destination to that originally named, or may demand back his goods on payment of the carriage to their original destination, unless the re-delivery would be productive of great inconvenience. Where goods are tendered by a carrier to the consignee who refuses to pay the carriage, whereupon the carrier refuses to deliver the goods, it is the carrier's duty to retain the goods at their place of destination at least for a reasonable time, and during that time to await any instructions from him, if not to communicate with the consignee. If the owner after the arrival of the goods requests the carrier to let them remain in his warehouse until the owner can conveniently send for them, and they are there deposited, and are afterwards destroyed by fire, the duty of the carrier being at an end, he is not responsible for the loss in that character. So, if a man, having no warehouse of his own, directs the carrier to leave his goods at the waggon-offices until he finds it convenient to remove or sell them, the carrier's responsibility will terminate with the deposit.

A common carrier of goods is not, in the absence of a special contract to deliver at a particular time, bound to deliver within any given time, but only within a time which is reasonable, looking at all the circumstances of the case, and he is not responsible for the consequence of delay arising from causes beyond his control. If in the opinion of the jury it is proved that the goods are tendered by the carrier to the consignee late in the day, after the termination of the hours of business, and when the consignee has dismissed his hands, and is thus incapable of receiving and putting away the goods, the tender is then unreasonable as to time, and the consignee is guilty of no fault or laches in declining to receive them. Therefore the duty of the carrier, under such circumstances, is to keep the goods still in custody, and he continues to hold them under all his responsibilities as carrier. A common carrier is bound, in the absence of any established usage, or any special contract to the contrary, to deliver the goods at the house of the consignee if it is known. A delivery of the goods to a duly authorised agent of the owner or consignee is a sufficient delivery, but in an action for non-delivery, if the defence is that a delivery was made to an agent, it must be clearly proved that the person to whom the goods were delivered as agent was duly authorised as such. If after goods have been conveyed to the place to which they are directed, it appears that there is no such person as the one to whom the goods are addressed, or if the consignee refuses them, the carrier is bound to take due and ordinary care of them and to deliver them to the consignor, on being paid his fair and reasonable charges, but he is not liable for a

subsequent mis-delivery of the goods if he acts with reasonable care. There is no general rule of law requiring carriers to give notice to the consignor of the refusal of the consignee to receive the goods, but carriers are merely bound to do what is reasonable under the particular circumstances of each case. If a carrier tenders goods for delivery at the house of the consignee, and they are not left because the consignee is not in a position at the time to pay the carriage, the carrier's liability ceases, as he is not obliged to bring the goods more than once for delivery.

When goods have arrived at the end of the transit the carrier is bound to keep them a reasonable time for the consignee to claim them or fetch them during which time his liability as an insurer continues, after a reasonable time this extraordinary liability ceases, and he becomes a mere bailee of the goods for hire. A carrier is bound to give notice to the consignee of the arrival of the goods, where it is not, under the circumstances, part of his duty to deliver them.

Rights and Duties of Common Carriers. Although a carrier by sea cannot effect an insurance against the perils of navigation from the consequences of which he is exonerated by the bill of lading, yet an inland carrier, in whose favour no such exception is usually made, has an insurable interest, or a right to provide an indemnity against such accidents to the property placed in his hands, as will render him liable under his contract. If a person goes to a coach-office, and directs that a place be booked for him by a particular coach, and that is done, and he leaves his portmanteau, the coach proprietor will have a lien on the portmanteau for something, but not for the full amount of the coach fare, but if the party merely leaves the portmanteau while he goes to inquire if there is an earlier coach, and no place is actually booked, the coach proprietor has no lien at all. If goods are brought to a carrier for the purpose of conveyance, no action will lie against him for refusal to accept them, unless there was at the time an offer of the carriage price. If the carrier undertakes to carry them without having been previously paid, the law authorises him to retain possession at the end of the transit until he has been paid. If this security is waived by a delivery of the goods before the payment of the hire, recourse must then be had to an action for its recovery. If the consignee refuses to pay the sum demanded for the carriage of the goods, the carrier is not justified in at once sending them back to the place from where they came, but must hold them a reasonable time to see if the consignee will accept and pay for them. Where a carrier delivers part of the goods, it may be assumed that he has not abandoned his lien upon the rest for his unpaid freight. He is bound to deliver up to the extent of the freight which has been paid, but the moment he has delivered enough to satisfy that, he has a lien upon the whole of the remainder of the goods for the unpaid balance of the freight. Where a consignor delivers goods to a railway company to be carried under a consignment note, which states that the carriage is to be paid by the consignee, he may nevertheless be sued by the railway company for the carriage, if the consignee refuses to pay it.

A common carrier cannot, in the absence of express contract or usage from which a contract may be implied, detain goods for anything beyond the price of the carriage of the goods so conveyed.

By express stipulation with their customers, carriers may undoubtedly secure to themselves a general lien, authorising the detention of the goods, not only for demands arising out of the articles retained, but for a general balance of accounts relating to dealings of a like nature, and a promulgation of a notice to that effect, it is said, might subject the goods of a customer cognisant of the notice to be detained for a general balance due from him. A carrier, who by the usage of a particular trade is to be paid for the carriage of goods by the consignor, has no right to retain them against the consignee for a general balance due to him for the carriage of other goods of the same sort sent by the consignor. A common carrier who is induced to deliver goods to the consignee by a false and fraudulent promise of the latter, that he will pay the carriage as soon as they are received, may disaffirm, and sue the consignee for possession in replevin. His right of lien extends to the luggage of a passenger for the recovery of his passage money. Neither the carrier nor any other bailee can sell the goods, at common law, in satisfaction of the lien. The law gives no right to add to a lien upon a chattel a charge for keeping it till the debt is paid, when it is detained against the will of the debtor.

Suing Carriers. An action lies against a carrier in the name of the consignor who agreed with him and was to pay him. If the consignor of goods delivers them to a particular carrier by order of the consignee, and they are afterwards lost, the consignor cannot maintain an action against the carrier for the loss, although he paid for booking the goods, the action can only be brought by the consignee. Though, generally speaking, when there is delivery to a carrier to deliver to a consignee, the latter is the proper person to bring an action against the carrier, yet if the consignor makes a special contract with the carrier, such contract supersedes the necessity of showing the ownership in the goods, and the consignor may maintain the action, though the goods may be the property of the consignee. The question whether the goods were delivered to the carrier at the risk of the consignor or consignee is a question for the jury. The delivery of goods to a carrier by a consignor does not necessarily vest the property in them in the consignee.

When goods are forwarded for sale on approval, the consignor is the party to sue the carrier. If goods are delivered to a carrier to be delivered to A, and are lost by the carrier, the consignee can only bring the action, but if before delivery the consignor hears that A is likely to become bankrupt, or is actually so, and gets the goods back again, no action will lie for the assignees of A. Delivery of goods by the vendor, on behalf of the vendee, to a carrier is a delivery to the vendee, though the particular carrier is not named by the vendee, and the vendor cannot maintain an action against the carrier for non-delivery, even though the carrier is to be paid by the vendor. If A and B are separately owners of several articles contained in a box which they delivered to a railway company to carry for them jointly, they may jointly sue the company for the loss of the goods, though the box is directed to one of them only, and the price of the carriage paid by that one only.

CARROT.—A plant belonging to the genus *Umbellifera*, and cultivated for the sake of its root. It thrives best in sandy or peaty soils. The tapering root is usually red in colour, and forms a digestible

though not very nutritious vegetable food. It is sometimes used to colour butter, and, in Germany, as a substitute for coffee. It also yields a syrup, and even an ardent spirit may be prepared from it by distillation and fermentation.

CARRYING OVER.—The act of carrying over has already been referred to under the heading of **BULLS AND BEARS**. The bull who has bought a certain number of shares at the beginning of an account (the account is described under **SETTLEMENT**), payment for which is due on the following settling day, may, if he is lucky, be able to sell them before the settling day arrives, in which case he merely pockets the difference, less his broker's charges. Per contra, if he is a bear and has sold, he may, if he has equal good fortune, be able to buy back what he has sold before the settling day arrives, in which case he, too, pockets the difference. If, however, the bull and bear had to rely upon so quick a change in the quotations to secure a profit, not one-hundredth part of the speculative transactions of this sort, which form so considerable a portion of the business of the Stock Exchange, would be entered into. This sort of business is greatly facilitated by carrying over, which is a means of continuing such transactions. The Stock Exchange settlement occupies three days, the final day being the settling or pay day. On the first of the three days forming the settlement, the carry over or "contango" day, as it is sometimes called, the jobbers fix making-up prices in the various securities. These are the middle prices, *i.e.*, the mean between the buying and selling prices ruling at a certain hour, and on a speculator notifying his broker that he wishes to carry over, the broker arranges for the bargain to be renewed to the next settling day. For this extension the speculator has to pay a continuation rate, which is known as a contango, and which is given as so much per share or so much per cent. per annum on stocks. The operation is somewhat involved, for what really happens is that some jobber allows the purchaser to postpone payment for the stock or shares he has bought to the next settling day, which means that the jobber or the broker acting for him finds someone willing to lend the money which is due, who, in turn, deposits the stock with his bank as collateral security for the loan. As the bank will not lend the full value of the stock, the intermediary lender has to find the difference, for which, however, he, of course, receives interest. When the transaction is carried over or continued, a fresh bargain is deemed to have taken place, that is to say, the bull who carries over is supposed to have sold at the making-up price, he receiving or paying the difference according to whether the making-up price is higher or lower than that at which he purchased, but he is now supposed to have bought the stock or shares at this making-up price, so that any rise or fall will be calculated as from this particular price, the price he originally paid for the security no longer entering into the matter. This may be continued from account to account, the speculator receiving or paying out the difference each settling day until such time as he finally closes the matter by selling the same quantity of stock or shares that he originally purchased. In the case of a bear operation, precisely the opposite would have occurred, except that in carrying over, the bear would require the loan of stock or shares and not of money, and that he would not have to pay interest or any charge for such loan, except under

such special circumstances as are explained under the heading of **BACKWARDATION**.

CARTEL.—This word has several meanings, though the only one connected with commercial matters is that which is used in Germany to signify any amicable agreement arrived at between bodies or associations of merchants and manufacturers for the regulation or limitation of trade, the fixing of prices, and other similar matters. It is similar to what is known in England as a combine (*q.v.*). These combines were becoming very formidable in the early years of this century, and it will be interesting to see how they are affected by the new economic conditions of the different countries of the world after the Great War.

CARTON PIERRE.—This is the name given to a mixture composed of bole, chalk, paper-pulp, and glue, which is so worked up as to make an excellent imitation of stone. It is now much used in statuary and architectural work for decorative purposes.

CASCARA.—The bark of a Californian tree, which, when dried, is used in medicine as a tonic aperient.

CASCARILLA.—The bark of the *Croton Fleeuteria*, a small West Indian tree. It has an aromatic odour, and is used for making incense. The Germans occasionally employ it instead of cinchona.

CASE OF NEED.—(See **IN CASE OF NEED**.)

CASH.—Actual coins, Bank of England notes, Treasury notes, and the notes of other banks are treated as cash, but a banker's own notes would not, in his balance sheet, form part of the cash on hand, as they would be deducted from the balance of the note account on the other side of the sheet, in order to show the actual amount in circulation.

Cash originally meant that which was *encaissé*, that is, put into a chest or till. (See **COINAGE**.)

CASH ACCOUNT.—In book-keeping, this is an account to which nothing is earned but cash received on the one hand, and from which all the cash payments of the business are drawn on the other. The balance is called the cash in hand. In present-day book-keeping the cash account is generally kept in a separate book, known as the cash book (*q.v.*).

CASH AGAINST DOCUMENTS.—A term signifying that payment must be made for goods at the time documents of title to them are handed over.

CASH BALANCE BOOK.—This is a book which is used in banks and contains particulars of all the cash on hand, obtained by combining the details of each cashier's till and the reserve of cash in the strong room. The total should agree with the balance as shown in the day book and the cash account in the general ledger. It is generally written up at the end of each business day by the first cashier.

CASH BONUS.—In life assurance, a share of the profits paid to the insured in cash, instead of being added to the amount of the policy or applied to the reduction of premium.

CASH BOOK.—The book in which an account is kept by merchants and others of the receipts and disbursements of money.

This book is essential in every business house, and it serves two purposes. In the first place, it contains a record of the amounts of cash received and paid, together with full particulars relating to the same, and it thus enables the exact amount of a person's balance to be ascertained at any period. In the second place, it relieves the journal of some of its entries, for where a cash book is kept, the

entries appropriate to the book are not passed through the journal, but are posted direct into the ledger, the cash book itself being treated as a ledger account.

In addition to the general cash book, it is not an unusual thing for a petty cash book to be used, the totals of which are periodically passed through the cash book. (See BOOKS OF ACCOUNT, PETTY CASH.)

CASH CREDIT.—A credit granted by a bank on security being given—personally or on the guarantee of another person. In the absence of a cash credit, a banker will frequently allow a customer of good reputation and standing to overdraw his account, and this arrangement serves the same purpose. The term is commonly found in Scotland.

CASHEW.—The kidney-shaped fruit of the *Anacardium occidentale*, a tree of the East and West Indies. Both the nut and the fleshy stalk from which it grows, which is known as the Cashew apple, are edible. The milky juice obtained from the fruit is sometimes mixed with chocolate, and is said to improve the flavour of Madeira wine. It is also used in the manufacture of varnishes.

CASHER. The person who is charged with the duties of paying or receiving the debts of a business house or corporation.

CASHMERE.—A fine woollen fabric obtained from the Cashmere goat, an animal noted for its thick undercoat of greyish wool beneath the long, fine, silky hair. After being spun and dyed, the nan is manufactured into the valued Cashmere shawls. Imitations of these shawls, which are now not so much in demand, are made in Europe from a mixture of silk, cotton, and Tibet wool.

CASH ON DELIVERY.—This is a term which is very often imposed in the case of a sale of goods when the same are to be delivered by the seller at the business premises or the dwelling house of the buyer. It signifies that the goods are to be paid for at the time of delivery, and if such a stipulation is made as a term of the contract of sale, the seller is entitled to refuse to deliver unless he receives payment.

CASH ORDER.—This is a kind of bill of exchange on demand, drawn by one person on another. For example, a wholesale dealer, John Jones, who has supplied goods to, say, John Brown, a shopkeeper, draws a cash order upon him, usually in the following form:—

191 English Street,
Carlisle,
December 30th, 19
£10
2d On demand, pay to the British
Bank, Ltd., or order the sum of
Ten pounds sterling for value received
JOHN JONES
To Mr. John Brown,
791 Concy Street,
York.

The order must be indorsed by the banker to whom it is payable, or, if payable to the drawer's order, by the drawer.

The cash order is sent to a banker in the town, where John Brown lives, for collection, and the banker sends out a messenger to John Brown's address and presents the order for payment. It is expected that the order will be paid in cash, though in some cases payment is received by cheque, when it is known that the drawer is perfectly solvent and the cheque can be collected the same day. In some

districts it is customary for the drawee, when the order is presented, to accept it payable at his bankers in the same town. When this is done, it should be passed through the local clearing on the same day.

The remitter of the order often gives instructions that, if it is not paid on the day of receipt, it may be held over till the following day. In the absence of such instructions, the remitter should be advised if a cash order is held over. If the drawee is not at home when the messenger calls, a note is left that the order is at the bank and requires his attention.

Cash orders are not, as a rule, accepted by the drawee, and consequently he cannot be sued upon them, but if he gives his cheque in exchange and it is dishonoured, he can be sued upon the cheque.

Cash orders received for collection should not be credited on the day of receipt to the bank sending them, in cases where the orders are being held over till the next day.

Where cash orders are numerous, they give great trouble to a banker who has to collect them, and some bankers decline to undertake the work.

The stamp duty upon a cash order is now 2d.

CASH SHEETS.—These are loose sheets on which are recorded all the transactions in a bank office during the day. These sheets are generally bound up into book form at stated intervals. In some banks, cash sheets practically take the place of a day book or a cash book.

CASSAREEP.—A condiment obtained from the juice and grated roots of the bitter cassava. It is prepared mainly in British Guiana, and forms the chief ingredient in the well-known West Indian pepper-pot, its natural poisonous properties being destroyed by heat. It is also valuable in the tropics as an antiseptic.

CASSATION, COURT OF.—This is the name given to the court in France which corresponds to the British Court of Appeal. The word "cassation" signifies annulment, and it is commonly in use in the sense of appeal not only in France, but in other countries of Europe.

CASSAVA.—A tropical shrub with a tubercous root somewhat resembling a parsnip. It is useful as a native food and also in the preparation of cassareep (*qv*), but it is mainly valuable for the starch obtained from it, the well-known tapioca. The plant is also called the manioc, or tapioca tree, cassava being the name given to it in the West Indies.

CASSIA BARK.—The aromatic bark of the *Cassia lignea*. It is imported from Southern China, and is sometimes known as China cinnamon, as the aromatic oil distilled from it is very similar to oil of cinnamon, and is frequently used in its place. The cassia buds, when dried, resemble cloves, and are employed in confectionery.

Cassia is a generic term for hundreds of species of trees and shrubs, of which several yield scenna.

CASTING.—The common name used to denote the adding up of a list of figures. When a column has been added, the total itself is often spoken of as the casting.

CASTINGS.—The name given to the forms of metal (iron, steel, brass, etc.), the original bodies from which parts of machinery are made by being turned or polished in a lathe or other machine tool, and so made to the exact size necessary for the purposes intended. Castings are produced in foundries by means of molten metal being run into forms, which have baked shapes of sand to receive such metal, the shapes having previously been made by

squeezing into the sand in soft condition the pattern of the same size as the ultimate casting. This trade is one of our greatest pivotal industries.

CASTING VOTE.—The chairman's casting vote at a meeting does not rest upon any general legal authority, but rather upon immemorial custom, though it has been given statutory sanction for various purposes, such as the meetings of local authorities.

Great discretion should be observed in exercising a casting vote, at any rate on important occasions. The Speaker of the House of Commons *must* exercise his casting vote, but it is not clear that it must be exercised elsewhere, even where that method of decision is provided by statute; certainly it need not in other cases. It may often be desirable to withhold the casting vote or to cast it for the *status quo* in order to avoid the feelings which may be aroused when a great change is effected by so slight a means. To some, indeed, pure chance, as by the spin of a coin, is a preferable arbiter to the opinion of a single person. However, the chairman must often exercise his casting vote, and need not hesitate to do so if he regards that vote as held in trust for general opinion and not as an instrument simply of his own personal views.

The Local Government Acts speak of the casting vote as a "second" vote, thus implying that the chairman may vote, first, in the ordinary way. If he does so vote, he should vote when the vote is taken and not wait to cast two votes at once. The chairman need not give his casting vote the same way as his first vote. The preferable course at important meetings is for the chairman not to exercise his first vote, but to keep himself detached until it is necessary for him to intervene with his casting vote.

(See, further, meetings of the various local authorities.)

CAST IRON.—(See IRON.)

CASTOREUM.—Also called castor. The brown, mucinous secretion obtained from the reproductive organs of the beaver of Canada and Siberia. It has a peculiar smell, and is now used in perfumery, but no longer in medicine.

CASTOR OIL.—The valuable medicinal oil extracted from the seeds of the *Ricinus communis*, a native of India. The brown, oval seeds are first bruised between heavy rollers and then squeezed in a hydraulic press. The crude oil is then boiled with water, in order to free it from albumen and other impurities. Pure castor oil is thick, viscid, and almost colourless, while inferior oil has a green or brown tint. Its purgative properties are well-known, but, owing to its disagreeable taste, it is taken in capsules, or with lemon juice, etc. A soap liniment is made from the oil, and it is also used in the manufacture of pomades and hair washes. The chief importation is from Calcutta.

CATCHING AND UNDERHAND BARGAINS.—The term "bargain" has several meanings. It may be a purchase or sale made on favourable terms, any agreement or stipulation, or a contract relating to the sale and purchase of property. So long as a bargain is made *bona fide*, and is not improperly procured, the law will not interfere because one party has obtained a greater advantage from the transaction than the other; but if it has been improperly procured, whether by fraud or misrepresentation, or by taking undue advantage of the weakness, or inexperience, or necessities of a party, the offending party will not be allowed to

retain in full the profits of his misdealing, and the aggrieved party may be relieved in whole or in part, according to the circumstances, from the burden of the contract. The effects of fraud, deceit, or misrepresentation upon the making and the performance of contracts are dealt with elsewhere (see CONTRACT), but there is a class of transaction in which, while actual fraud or misrepresentation may be absent, the courts will give relief on being satisfied that the parties did not meet on equal terms, and on its appearing that the bargain itself was such as no man with full freedom of action and in the possession of his senses would make, and such as no fair and honest person would accept. These are termed catching or underhand, or unconscionable bargains. They occur mainly in connection with transactions with money-lenders (*qv*), but are also found in other dealings with expectant heirs, reversioners, and persons who have had a hard bargain imposed upon them by reason of their incapacity or necessity. There need not be an intention to defraud in the popular sense of that expression; for the jurisdiction of the courts to interfere arises where the poverty and necessity, or inexperience and weakness, of a party put him practically at the mercy of the other party, whatever terms the latter chooses to exact, and if, in all the circumstances, those terms are not fair and reasonable, the bargain cannot stand. In dealings with an expectant heir, or with a person who has an expectation of benefiting on the death of a relative, the onus is always upon the other party to establish the fairness of the bargain.

It must not be thought, however, that a contract will be set aside or modified merely on the ground that one party has got much the better of the bargain; the law does not prevent a man from being a fool if he likes, or even from agreeing to pay for an article a hundred times more than it is worth, it only concerns itself with fraud, actual or constructive, legal or moral, and with bargains made in the circumstances above indicated, where the "inequality is so strong, gross, and manifest that it must be impossible to state it to a man of common sense without producing an exclamation at the inequality of it." The policy of the law is to prevent oppression, and, therefore, no precise definition of what is unfair or unconscionable can be attempted. Each case must be weighed upon its own merits, and where it is evident that a contract peculiarly lends itself to an abuse of power, the court will look behind it, find out if possible what were the real inducing motives, and endeavour to adjust the matter between the parties so as to bring them within the bounds of reason and fair dealing.

CATECHU.—There are two substances bearing this name. One is pale catechu or gambier, and the other is known as black catechu or cutch. Pale catechu is obtained from the juice of the *Uncaria Gambier*, a Malayan shrub. After various processes the juice is run into moulds and left to harden. It is then made into small cubes, which are valuable medicinally as an astringent. Black catechu is a tar-like substance prepared from the heart wood of the *Acacia Catechu* and other East Indian trees. The main use of both varieties of catechu is for dyeing and tanning.

CATGUT.—A kind of cord prepared from the intestines of the sheep, the horse, or the mule—not of the cat. The intestines are cleansed, steeped in water, scraped, and treated with various chemicals.

The outer membrane is used for rackets, and the larger intestines are reserved for the sausage maker, while the inner membrane of the small intestines is again chemically treated, and is then drawn through a machine of special manufacture to give it the circular shape and the correct thickness. The best catgut strings are made in Italy, especially at Naples, and are used for musical instruments, cords for clock makers, etc. A coarser catgut, obtained from horses and mules, is made in France, and is used for driving lathes, as well as for making rackets.

CATTIE. — (See FOREIGN WEIGHTS AND MEASURES—CHINA.)

CATTLE.—Cattle in this article will be understood in the farmer's, or the general, sense of live stock. Bulls, cows, oxen, steers, bullocks, heifers, calves, sheep, lambs, horses, pigs, and goats are included. These included animals may be said to be cattle by common law definition, but statutes for various purposes may include or exclude some or any of them. In one Act of George III, bulls were excluded from the list of cattle; while in the Knackers' Act, 1814 (7 and 8 Vict. c. 87), cattle includes, in addition, the ass by name, and proceeds—"or any other domestic animal."

1. **Responsibility of Owner for Cattle.** The rights of owners of cattle, as of other animals, are those of owners of goods or personal property in general, but there are special kinds of responsibility attaching to the ownership of animals, imposed either by common law or by statute, to prevent or redress injury to individuals or private property, and especially by modern statutes to protect the public health. We shall deal here with those matters in which cattle are either the most important animals concerned, or are special objects of legislation.

The primary duty of an owner of cattle, or a person who has the possession of cattle, is to keep them from straying on to the property of adjacent owners or occupiers. If they wander by escaping from control, he is liable for any damage they may do if it is natural for them to commit such damage, and the damage is the natural and probable consequence of their being allowed to escape. It is natural that if cattle stray they should injure adjacent property, eat and spoil the crops, and so forth, also in a case where a horse strayed on the highway and kicked a child who was playing there, it was held that this was an act which might be expected when a horse strayed. In an instance of this kind there must be some negligence proved, but the obligation to prevent cattle from straying, and doing the natural and probable harm of their straying does not depend on negligence. The law places on the owner of cattle the absolute duty of preventing them from straying. If he can show, however, that the adjacent landowner, though he is not, as a general rule of law, bound to fence his land, was in the particular case under a legal obligation to fence and keep the fences in repair, and that it was in consequence of his neglecting to do this that the cattle entered on to the land, he will not be liable for their trespass. And if the owner of the cattle is sued for their trespassing by a tenant of land which a third party is under legal obligation to keep properly fenced, he may plead that it was this neglect to fence that led to the cattle straying. This was held in a case (*Wiseeman v. Booker*, 1878, 3 C.P.D. 184), where a railway company was bound by Act of Parliament to keep in repair a fence between the land of one of

their tenants and neighbouring land. The neighbour was not responsible for the straying of his animals through this fence, which was out of repair.

But an owner has the right of driving his cattle along a highway, and if they stray from there and do damage, he is not liable unless negligence is proved against him. In the case of *Filletts v. Ward*, 1882, 10 Q.B.D. 47, an ox, being driven through a country town by the defendant's servants, entered the plaintiff's shop through the open door and damaged his goods. The owner of the cattle was not liable as no negligence was proved against him. As an exception, therefore, to the general law of trespass, it can be stated that where cattle trespass on unfenced land immediately adjoining the highway, the owner of the land must bear the loss. Besides, it is the common law that, where a trespass by cattle taken along a highway is involuntary on the part of the owner, he is not liable, for instance, if they eat corn in adjacent land, and so the case of the ox really comes under this head without regarding the question of fencing.

By the Highway Act, 1864 (27 and 28 Vict. c. 101), the owner of cattle is liable to a penalty of 5s. for each animal straying or lying about a highway (except on any parts which pass over any common or waste or unenclosed ground), though the whole penalty is not to exceed 30s. It makes no difference that they are under the control of a keeper at the time. Even if the owner of cattle has a right of pasturage on the sides of a metalled highway, he is still liable to the penalty for their straying on the metalled part.

Right of Seizing Cattle Trespassing. Where cattle stray on to land as trespassers and are found actually doing damage to the land or its produce, or to other animals or chattels thereon, any person who is aggrieved by such damage may seize the cattle, that is, may distrain or make a distress on them. This in legal language is known as distress damage *faisant*, that is, distress made at the time and in the act of doing damage. The person seizing need not be the owner of the land, produce, or chattel injured, and he, in fact, need not have any right in the land itself. It is sufficient if he have some interest which he can protect by an action. In an old case a man who had the pasturage in certain fields, the right to take the milk of twenty-two cows there having been granted him, was held entitled to seize, damage *faisant*, other cattle of the man who had granted him the right, though he had no interest in the land. But if two or more persons have possession of the same land together one cannot distrain the cattle of the other damage *faisant*, and if a tenant's term has expired, and he has had notice to quit, he cannot seize cattle that have been put on the land by the landlord in re-taking possession. The distrainer may be prevented by the cattle owner driving off the animals before they can be taken, and if the distrainer takes them when they are not actually doing damage, the owner of the cattle may rescue them—they cannot be distrained off the land. The distrainer may be made at any time while the animals are on the land by night or day. If cattle are going along the highway and they stray into adjacent lands owing to defective fences, they cannot be distrained until their owner has had a reasonable time for removing them. Also if a tender of amends is made before seizure, a distrainer cannot be lawfully made. No animal distrained can be sold or used, and if it is used the owner is entitled to obtain possession of

it; or to sue the distrainor. An old case in 1660 was the first that settled whether cows might even be milked. It was held they might as it was a necessity, otherwise the owner's cattle would be injured. The remedy by distraint is an alternative to that of bringing an action of trespass, so that if there is distraint, and while it continues, there is no action.

Impounding. Unless a tender is made and accepted before or after the taking, the distrainor must impound, that is, enclose, the cattle either in his own private ground or elsewhere, or in a public pound or pinfold, as soon as possible, but the animals must not be driven above three miles from where they are taken. When they are put into the pound they are "in the custody of the law," and up to that point the adequate tender may be made, so that the owner of the cattle is entitled in this way to recover them as long as the distrainor keeps them in his own custody. (See **TENDER**.) The keeper of a pinfold, who has no other duties than to receive and detain them there, keeps them until the parties agree on the terms of release, and his charges are paid, or the owner by certain legal proceedings, within a fixed time, obtains re-possession of them on bail until the right is settled by what is known as an action of replevin (*q.v.*). The pinfold, public or common pound, is almost an obsolete institution, and it is, therefore, unnecessary to go into questions which used to arise. By the Protection of Animals Acts, 1911 (1 and 2 Geo. 5, c. 27), persons who impound or confine, or cause to be impounded or confined, animals, must, under a penalty of £5, provide them with sufficient food and water, if any animal is confined without fit and sufficient food and water for more than twelve successive hours, any person may supply food and water and recover the cost from the owner. The person impounding may, by summary proceedings before a justice, recover not exceeding double the value of food and water supplied. Instead of this, he may, on giving three days' public notice, sell any animal at public market after seven days from the time of impounding, and repay himself the cost, paying any surplus to the owner.

When the distress has been properly made, the owner of the cattle commits an actionable wrong if he rescues his animals, that is, takes them from the distrainor before they are impounded, or if he commits pound-breach, that is, takes them from the pound. If also the distrainor has worked, made use of in any way for his own benefit, or misused the cattle, the owner is justified in rescuing them, and when they are once impounded an action will lie against the owner for pound-breach, even if the distraint was wrongful. But if the distrainor takes them out to use, or if the pound is open or unlocked, the owner may re-take them. So lately as 1892 there was an indictment for pound-breach as a criminal offence.

Pound-breach—actual or attempted—is also punishable by justices with fine or imprisonment. Releasing or attempting to release cattle that have been found wandering, straying, lying, or being depastured on any enclosed land, without the consent of the owner, and have been seized for the purpose of being impounded, is an offence punishable by justices with fine or imprisonment. In boroughs and urban districts, all of these being under the provisions of the Town Police Clauses Act, 1847, which apply (amongst other things) to obstructions and nuisances in the streets, cattle found wandering at large may be impounded by any constable

or resident, and the owner fined or imprisoned by the justices. It is the same in those rural districts that have obtained an order from the Local Government Board applying these clauses.

2. Agistment. An agister is one who takes in the cattle of another person to graze on his pasture land, usually at a weekly payment. This agreement is a kind of contract known in law as bailment, and there is implied in it the term that, on the application of the owner, the agister will re-deliver the cattle to him. The agister is not bound, apart from an expressed term in the contract, to deliver them himself to the owner if he does not apply for and remove them. He must take reasonable care to keep them safely, and it is necessary to prove some negligence on his part if they are injured or lost, to make him liable, and this is a question a jury must decide. It is a matter of law that the agister is not an insurer of the animals, and he is not answerable for the negligent acts or mischiefs of persons who are not his servants or agents. Negligence was found where the agister placed an agisted horse in a field with heifers, knowing that a bull kept on adjoining land had been found in the field, and the bull gored the horse. Also where the agister erected in the field a barbed wire fence, and permitted the grass to grow so as to hide it, and an agisted horse was injured, negligence was found. The question that may arise as to the injury being too remote a consequence of an act of negligence, which is a point of law for the consideration of the judges, may arise in the case of agistment as in other cases. (See **NEGLIGENCE**.)

The agister has no lien on the cattle for their pasturing, that is, he has not the right to detain them for payment, he must deliver them up and sue for the amount due. In a case nearly three hundred years ago, when this was first decided, it was said that agistment "was not like to the case of an inn keeper or tailor, they may retain the horse or garment delivered to them till they be satisfied, but not when one receives horses or kine, or other cattell, to pasturage, paying for them a weekly summe, unless there be such agreement between them."

If the cattle are taken out of the agister's possession, however, he may bring an action to recover possession or damages, and if they are stolen he may prosecute the thief.

Originally, by the common law, cattle that were being agisted could be distrained by the landlord of the agister for rent, but under the Agricultural Holdings Act (see p. 54), cattle cannot be distrained if there are sufficient other goods seizable, and distraint cannot be made for a greater amount than the sum agreed to be paid for agistment, or remaining unpaid, and the owner of the cattle may redeem them before sale by paying such amount to the distrainor. The agistment has to be "at a fair price" for the protection of the Act to be claimed, but it has been held that the equivalent need not be money. The terms, for instance, may be "milk for meat," that is, that the agister should take the milk of the cows in exchange for their pasturage. This kind of arrangement is a common one (see the *London and Yorkshire Bank v. Belton* in 1885, 15 Q.B.D. 457).

The custom of agistment being notorious, cattle in the possession of a bankrupt agister are not in his order and disposition within the Bankruptcy Acts (see title), as no reputation of ownership can arise in the case of stock upon the land of a farmer.

3. Sale of Cattle. The law in regard to the sale of cattle is essentially the same as for the sale of other goods, but by the Markets and Fairs (Weighing of Cattle) Act, 1887 (50 and 51 Vict. c. 27), and the amending Act of 1891 (54 and 55 Vict. c. 70), certain special provisions are made, applicable to all markets and fairs where tolls are authorised to be taken for cattle by a market authority. In or near to every such market the authority must provide and maintain sufficient and proper places for weighing cattle brought for sale, and keep them open and near thereto weighing machines and weights for weighing them, and appoint proper persons to have charge of the machines and weights, and to afford the use of them to the public. Unless these provisions are complied with, the authority is not entitled to tolls, and a person demanding them may be fined by justices not exceeding £5. Sellers or buyers may require the cattle to be weighed, and the tolls payable for the weighing are to be paid by the person requiring it. There are penalties for refusing to weigh, or to give a ticket of the true weight, and for giving false tickets, and a penalty not exceeding £5 on every person taking any part in any fraud as to the weighing. The market authority may, according to the Act, take as tolls for weighing 2d. for every head of cattle, except sheep or swine, and for sheep or swine, every five or less number, 1d.; but the Board of Agriculture (see title) may authorise any other scale. The Board may exempt any market where the sales are small from providing weighing apparatus, but not for more than three years by one order. The market authorities of certain places scheduled, being the chief cattle markets, must furnish the Board with statistics of the weighings of cattle, and for this purpose they may cause any cattle sold to be weighed without fee. An auctioneer must not sell at a mart where cattle are habitually or periodically sold, unless the mart is provided with the same facilities for weighing as are required in markets, but he may be exempted by the Board. If the mart is at any of the places from which returns are to be made, the auctioneer must, unless exempted, make returns as the market authorities do of the cattle he sells. He or his employer is liable for default to a penalty of £20, or, if the offence is a continuing one, of £10 for every day it continues.

CAULIFLOWER.—A variety of cabbage, of which the artificially developed heads alone are used as a vegetable. It has only been generally cultivated in England since the end of the seventeenth century, though it had been introduced from Flanders more than a century earlier. It is more tender than broccoli, and in winter time must be carefully protected from the cold. The Covent Garden supply comes from Cornwall, Devonshire, the Channel Islands, and from market gardens near London.

CAUTIONARY OBLIGATION. This is an undertaking by bond of a surety, or, as he is often called, a cautioner, that he will be responsible for a certain amount, if the debtor fails to pay the debt. The term is one used in Scotland alone.

CAUTIONER.—In Scotland, the surety or guarantor who signs a bond along with the debtor for a cash credit or new draft to the debtor.

CAVEAT.—Upon the death of any person, provided there is any estate left, the executor, if there is a will, or the next-of-kin, if there is no will, must apply for probate in the former case or letters of administration in the latter. If there is no executor

named in the will, then the next-of-kin must apply for administration with the will annexed. Again, if the next-of-kin refuses to move, some other person may apply for letters of administration. (See ADMINISTRATOR.) If any person feels aggrieved, he is entitled to take steps to prevent a grant of probate, or of letters of administration, as the case may be. The proper course for a would-be objector is to go to the district registry or to Somerset House, and fill up a certain form, which will be supplied, stating that objection is made to the executor being allowed to prove the will or the next-of-kin being allowed to take out letters of administration. This is known as "entering a caveat." So long as the caveat remains, the will cannot be proved nor can letters of administration be granted. The executor (or the administrator) is informed of the fact when he wishes to proceed, and the next step is for the executor or administrator to give notice to the intervening party to remove his caveat, and if this is not done an action is commenced in the Probate Court to settle the whole dispute. Until 1898 it was not difficult for objections to be raised without the objector's incurring the risk of having to pay the costs of the action if it went against him. Now a different rule prevails, and unless the objector can make out that there was some good reason for interfering, he will be in the same position as any other defeated party in a law suit: he will be condemned in the costs of the action which have been incurred through his interference.

The term is also applied to the notice or warning given to a public official by an interested party, e.g., where a caveat is given at the York and Deeds Registry by a person claiming to be entitled to an interest in certain lands. The caveat is registered, and remains on the books as a warning to anyone who contemplates dealing with the property.

CAVEAT EMPTOR ("Let the Purchaser Beware")

—It is a fundamental rule of English law that a purchaser must look after his own interests, must see that the article he is getting is what he supposes it to be, and must find out for himself if there are any defects that render the article less valuable or less merchantable than he imagines it to be. The doctrine applies also to other classes of transactions, for, generally speaking, there is no duty imposed upon a person who is seeking to sell goods, or to procure the making of other contracts, to make disclosure of matters affecting the subject matter which the other party could discover for himself if he takes care to examine, or to make the inquiries that any reasonably prudent man might be expected to make. Certain contracts, of which insurance contracts are the principal, do not fall within this rule, as the utmost good faith is required in respect of them (see *UPPERIMAR FIDELITY*), and to a certain extent special caution is required in the case of contracts of guarantee and partnership, and those which bring people into a peculiar fiduciary connection with one another. The rule of *caveat emptor* does not prevent a purchaser or promisee getting relieved from his contract if he can show that it was induced by the fraud or misrepresentation of the other party, or has been entered into by mistake, and it will not apply where there was no opportunity given for examination or inquiry, or where proper examination or inquiry was frustrated by some tricky conduct on the part of the other party, or where the law implies a warranty by the seller. (See *CONTRACTS, IMPLIED*.)

WARRANTIES, SALE OF GOODS, WARRANTIES AND CONDITIONS.)

CAVENDISH.—A sort of tobacco moistened with liquorice juice or molasses, and pressed into cakes. It is sometimes known as "negro-head."

CAVIARE.—An article of food prepared from the salted roes of various kinds of fish, particularly from those of the sturgeon. Astrakhan has almost the monopoly of the industry, sturgeon being plentiful at the mouth of the Volga. Caviare obtained from the sturgeon is nearly black, that from the mullet and carp, red. In Sweden, cod's roe is used. Caviare is served ice cold with dry toast. It is a favourite delicacy in the United States as well as in Russia.

CAYENNE.—(See CAPSICUM.)

CEDAR.—A beautiful coniferous tree, of which the best known species was the celebrated cedar of Lebanon, now very rare. The cedar wood of commerce at the present day is mainly derived from varieties of trees resembling the cedar, such as the Barbadoes cedar or *Juniperus barbadensis*, which is really a juniper, and the West Indian cedar or *Cedrela*. The wood is generally hard and red, with a pleasing odour, and is remarkably free from knots. That of Havana, largely employed for making cigar-boxes, is straight grained. The fragrant Barbadoes cedar is used for casing lead pencils. Syria, Asia Minor, and Cyprus also export timber known as cedar wood.

CELERY.—The cultivated species of the *Apron graveolens*, grown for its succulent stalks, which are eaten either cooked or uncooked. It requires a richly-manured soil and careful tending about the roots and branches. There is a Continental variety with a root resembling a turnip.

CELESTINE.—A mineral consisting of sulphate of strontium. It bears a strong resemblance to heavy spar, the crystallisation of both being rhombic. The name is due to the fact that it is sometimes sky-blue in colour, though it is more often colourless. Celestine is the source of nitrate of strontia, a substance largely used in the manufacture of fireworks and Bengal lights. It is also used in the refinement of sugar. Sicily supplies the most beautiful varieties.

CELLARAGE.—The charge that is made for storing goods in a cellar.

CELLULOID.—Formerly known as Parkesine, after Parkes of Birmingham, who first manufactured it in 1856. Another name is xylonite. It is an ivory-like compound, consisting chiefly of pyroxylin (a dried solution of gun cotton) and oil of camphor. The pyroxylin is obtained by treating cellulose with a mixture of nitric and sulphuric acid, and dissolving the same with nitrobenzol or some other solvent. The resulting substance is then mixed with castor oil or cotton seed oil, and made into a kind of paste by passing it through hot rollers. At a temperature of 80°, celluloid is soft and can be moulded into any form desired. In order to remove every trace of the solvent, the partly manufactured article is soaked in bisulphide of carbon or chloride of lime. The finished substance is hard and elastic, and can be carved or planed in the same way as ivory. One of its chief drawbacks from a commercial point of view is its inflammability. Attempts have been made to neutralise its combustible nature by the addition of some non-combustible material, but so far they have been unsatisfactory. Celluloid may be made perfectly transparent, white, ivory, or coloured. In the latter case, it is used as an imitation of amber, tortoiseshell, malachite, etc. It is

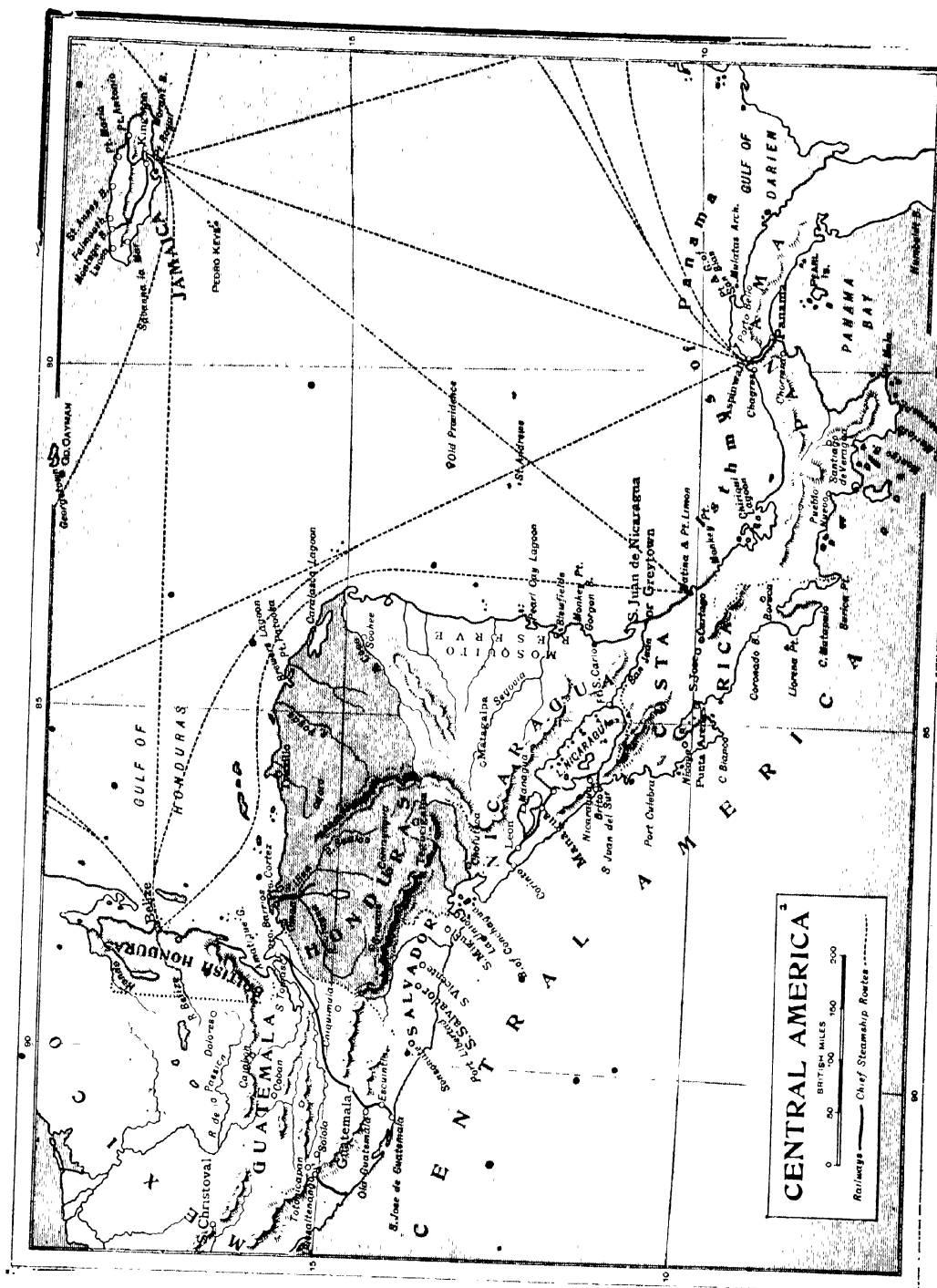
unaffected by water or by exposure to the atmosphere. Its uses are almost innumerable. Billiard balls, piano keys, combs, knife handles, backs of brushes, serviette rings, buttons, thimbles, dolls, card-cases, and studs are some of the articles made from it. There are also celluloid varnishes, which are in great demand as lacquers for brass.

CELLULOSE.—The essential constituent of all vegetable structures. It is a carbohydrate made up in the same proportions as starch. Cotton-wool and filter-paper are almost pure cellulose, which is also found in a nearly pure state in linen, cotton, jute, hemp, etc. Paper is made from cellulose extracted in the form of pulp from wood or esparto. Cellulose is also valuable on account of the important compounds which are obtained from it when treated with nitric and sulphuric acid. Its chemical symbol is $C_{12}H_{10}O_5$.

CEMENT. An adhesive substance for making bodies, especially stones, adhere. Very large quantities of this material are manufactured for home use and also for export, the chief seat of the trade being the banks of the river Medway, in Kent. Keen's cement is a form of plaster of Paris. Since the introduction of the system of building known as "re-inforced concrete" (i.e., cement embedded in steel webbing or rods), the production of this article has increased enormously. Another innovation affecting the trade in the same way is the successful application of cement to the building of ships.

CENSOR.—A censor is a person who is appointed to supervise or to regulate certain matters. It is a fundamental principle of liberty that freedom of action shall not be interfered with except under abnormal conditions, and consequently anything approaching censorship, except in the case of the drama, was unknown in the British Empire at the date of the outbreak of the Great War in 1914. The safety of the State, however, rendered it necessary that a strict control should be exercised in many directions, especially over the press and correspondence through the post. All restrictions of this kind were the outcome of special legislation, and now that the war is over they are being removed. (See CENSORSHIP OF THE DRAMA.)

CENSORSHIP OF THE DRAMA.—The regulation of stage plays was, up to early Tudor times, in the hands of the Church, but soon after the Reformation the State assumed control, and very strict ordinances were made as to the character of the plays which were allowed to be presented, anything which was objectionable to the Government being strictly forbidden. Puritanism set its face sternly against all theatrical performances, and in 1642 the theatres were closed. This led to the re-action after the Restoration in 1660, and eventually it was found necessary to curb the increasing licence. In 1737 a Licensing Act was passed, and by this Act provision was made for the establishment of a censorship of the drama, an official being appointed as examiner of plays, acting under the direction of the Lord Chamberlain. The powers of the Lord Chamberlain were increased by the passing of the Theatre Regulation Act, 1843, which extended his authority to all theatres in London, and gave his representative the right to forbid the performance of any play which was considered likely to interfere with "the promotion of good manners and decorum or of the public peace." In recent years, the action of the Censor, for that is the name by which the examiner is generally known, has been subjected



to a great deal of criticism on the ground of his objection to certain plays which treated of religious subjects too freely, or which introduced political personages or events under so thin a cloak that they were likely to tend to disorder. In July and August, 1909, the advisability of revising the censorship was considered by a joint committee of Parliament, and their report, advocating certain changes, was issued early in November, 1909. The committee has recommended that the licensing of plays should be optional, and that the Lord Chamberlain should continue his control, whilst establishing a consultative committee to assist him. It was also recommended that a play might be allowed to be performed even though unlicensed, but if it is performed, the director of public prosecutions, or the Attorney-General, may indict the manager and the author if, in the opinion of either of them, the play is open to public objection on certain specified grounds.

CENSUS.—The census is an enumeration of the people of a particular district or country. In ancient times, especially amongst the Romans, the census was generally taken for purely fiscal purposes; it was in fact, a kind of registration of property. In modern times, however, its utility is of a totally different character, and its advantages are statistical, national, and economic. At one period there was great hostility felt at the taking of a census at all, but this feeling, which was mainly on religious grounds, has passed away, although this country in its elaborate enumeration of the 2nd April 1911, took care to avoid wounding any susceptibilities by declining to include a religious column when seeking for multifarious particulars as to each member of the population.

It is said that Sweden was the first country in modern times to establish a census on a scientific basis, the date of this new departure in government being 1749. An effort was soon afterwards made to take a census in Great Britain, but this was strongly resisted; and it was not until 1801 that objections were overcome. Since 1801 a census in Great Britain has been taken decennially, and since 1811 in Ireland. With each period of ten years the statistics become more and more elaborate, though many of them are, apparently, quite useless. For the intervening years the returns of the Registrar-General help towards approximating the population of the country at any given time. In certain countries, notably France, Germany, and the United States, a census is taken every five years.

* **CENT.**—The contraction of the Latin word *centum*, which means one hundred. The word frequently used in commerce to denote a certain rate or ratio, being so much per hundred. Thus, 5 per cent. implies the proportion of £5 to every £100.

In currency, the word "cent" (which is then written without the full stop) is the name of a certain small coin in various countries, being the hundredth part of some other coin. In the United States the cent is one-hundredth part of a dollar, or about one English halfpenny; and in Holland the cent is one-hundredth part of a guilder, about one-fifth of an English penny. (See also FOREIGN MONIES—CANADA, CEYLON, HOLLAND, MAURITIUS, UNITED STATES.) Instead of cent, the word "centime" is used in France to denote the hundredth part of a franc.

CENTAVO, CENTAVOS.—(See FOREIGN MONIES—ARGENTINE, BOLIVIA, COLOMBIA, ECUADOR, HAITI, MEXICO, PERU, PHILIPPINES, VENEZUELA.)

CENTESIMO, CENTESIMI.—(See FOREIGN MONIES—ITALY.)

CENTIARE. (See METRIC SYSTEM.)

CENTIGRADE.—This word really signifies the division into 100 degrees or parts. It is most commonly met with as the name of one of the thermometers in common use, in which the freezing point of water is 0° and the boiling point 100° (See FAHRENHEIT, REAUMUR.)

CENTIGRAMMA. (See FOREIGN WEIGHTS AND MEASURES—ITALY.)

CENTIGRAMME.—One of the weights of the metric system (*g v*). It is the one-hundredth part of a gramme. Its English equivalent is 0.154323 of a grain. (See FOREIGN WEIGHTS AND MEASURES.)

CENTILITRE.—The hundredth part of a litre, or 0.017608 of an imperial pint. (See FOREIGN WEIGHTS AND MEASURES.)

CENTIME.—The one-hundredth part of a franc. (See FOREIGN MONIES—BELGIUM, FRANCE, SWITZERLAND.)

CENTIMETRE. The one-hundredth part of a metre, or 0.39371 of an English inch. Twenty-eight centimetres are almost exactly equal to 11 English inches. (See FOREIGN WEIGHTS AND MEASURES.)

CENTIMETRO. (See FOREIGN WEIGHTS AND MEASURES—ITALY.)

CENTIMOS.—(See FOREIGN MONIES—SPAIN.)

CENTNER.—(See FOREIGN WEIGHTS AND MEASURES—DENMARK, GERMANY.)

CENTRAL AMERICA.—The whole district which is known under the name of Central America consists of five small republics, viz., Costa Rica, Guatemala, Honduras, Nicaragua, and San Salvador, together with the territory of British Honduras. The recently established republic of Panama is sometimes referred to as a part of Central America, but its former connection with Colombia would seem to make it rather a part of South America. Each of these States is noticed under a separate heading.

CENTRAL ASSOCIATION OF BANKERS. This is an association which was formed, in 1895, for the purpose of promoting the interests of bankers. It consists of members drawn from the bankers who are members of the Clearing House (*q v*), certain of the members of the West End London banks, and certain members of the country banks. The Scotch and Irish banks have not yet been admitted members of the association.

CENTRAL CRIMINAL COURT. The criminal court for London and Middlesex and certain parts of Essex, Surrey, and Kent, at which cases are tried similar to those which in other parts of the country are sent to the respective *vices*. This court was established in 1834. The familiar name for the Central Criminal Court is the Old Bailey, and this is the correct title, although the old building, which was associated with so many famous criminal trials of the past, has been replaced by a new court. In addition to the ordinary criminal work, the court has now the whole criminal jurisdiction of the Court of Admiralty and upon good cause shown, *i.e.*, if it is necessary in the interests of justice, offences may be tried at the Central Criminal Court even though committed outside its jurisdiction, *e.g.*, mutiny or murder on the high seas. The sittings take place about eleven times a year, the number of the sittings and the dates being fixed annually at the beginning of the Legal Year, October 12th. Formerly the proceedings were opened by the Recorder of London (*q v*).

charging the grand jury, but since the grand jury system (*q.v.*) was discontinued, the business of the court is commenced without any preliminaries, and two courts are generally constituted on the first day of the sittings. All the most serious cases are tried by a judge of the High Court, who does not sit, as a rule, until the second day. The judges take it in turn to preside at the court, one at each sitting. When the calendar of prisoners is exceptionally heavy, a second judge is sometimes called in to assist. In addition to the judge and the recorder, who takes precedence in criminal trials after the judge, the common sergeant (*q.v.*) sits in a third court, and the two judges of the City of London Court—the London City County Court—are frequently called upon to help in the despatch of business. Nominally, the Lord Mayor presides over the sittings of the court, and either he or some of the aldermen are always present on the bench for a part, at least, of the proceedings. Minor crimes are also tried here, if they are alleged to have been committed within the City of London, *i.e.*, such crimes as would in other places be triable at quarter sessions.

CERTIFICATE.—A testimony in writing, or a written declaration of the truth of some particular matter.

CERTIFICATED BANKRUPT. A person who, having been made a bankrupt, holds a release from the Court of Bankruptcy, testifying that his debts have been cancelled by the court.

CERTIFICATE OF CHARGE.—This is a certificate, under the seal of the Land Registry, certifying the registration of a charge upon land. When such a certificate is deposited with any person, it is equivalent to a lien created by the deposit of a mortgage deed of unregistered land. Notice of the deposit must be given to the Registrar. (See LAND REGISTRY.)

CERTIFICATE OF DAMAGE. This is a document in printed form, issued by dock companies, when goods are received by them in a damaged condition as they are landed from a ship. They are generally filled in by the surveyor of the dock company, and the certificate states that the surveyor has surveyed and carefully examined the goods, and that the cause of the injury or damage to them is that stated. This document is necessary in order to enable the importer to recover compensation from the underwriters of the goods, or the shipowners, as the case may be.

CERTIFICATE OF INCORPORATION. As soon as the necessary number of members of a joint stock company has been obtained, seven or two, as the case may be, according as the company is a "public" or a "private" company, the latter according to the definition given in the Act of 1908, as amended by the Act of 1913 (see PRIVATE COMPANY), a company may be formed, and the steps to be taken as a preliminary to such formation are exceedingly simple, unless the business is of an extensive character. It is necessary to prepare the memorandum of association and also the articles of association, if the company decides upon having the latter, *i.e.*, unless it adopts Table A (*q.v.*). Each of these must be duly stamped and presented to the Registrar of Joint Stock Companies in London, Edinburgh, or Dublin, according to the part of the United Kingdom in which the registered office of the company is to be situated, together with a statutory declaration by a solicitor engaged in the formation of the company,

or by a person named in the articles of association as a director or as the secretary of the company, of compliance with all or any of the requisitions of the Companies Acts in respect of registration, and of matters precedent and incidental thereto. Certain fees are payable upon registration which vary according to the amount of the capital of the company. Thereupon the registrar, if he is satisfied that everything is in order, issues a certificate as follows—

"I hereby certify that the . . . Company, Limited, is this day incorporated under the Companies Acts, 1908-1917, and that the Company is limited."

"Given under my hand this . . . day . . . 19 . . ."
 (Signature).

Registrar of Joint Stock Companies"

Upon the granting of the certificate, a new legal entity has been established, and the company has come into being. The certificate is conclusive evidence that all the requirements of the Acts, in respect of registration and of matters precedent and incidental thereto, have been complied with, and that the association is a company authorised to be registered and is duly registered under the Acts.

Any person may inspect the documents kept by the registrar, on payment of a fee of 1s., and any person may require a certificate of the incorporation of any company, or a copy or extract of any document, to be certified by the registrar, on payment of 5s. for a certificate of incorporation and 6d. for each folio of a certified copy or extract.

CERTIFICATE OF MORTGAGE OF SHIP. A registered owner, if desirous of disposing by way of mortgage or sale of the ship or of a share of the ship in respect of which he is registered, at any place out of the country in which the port of registry of the ship is situate, may apply to the registrar, and the registrar shall thereupon enable him to do so by granting a certificate of mortgage or a certificate of sale (See 36, Merchant Shipping Act, 1894).

The instrument gives particulars of the ship and an account of mortgages or certificates of mortgages granted in respect of the ship. The owner of the shares in the ship appoints an attorney to mortgage the shares, and declares that the money to be raised under the power shall not exceed a specified sum, and that the rate of interest shall not exceed a certain rate. He also names the place where the power of mortgaging may be exercised, and the period within which the power may be exercised.

The instrument is signed and sealed by the owner, and then follows the registrar's certificate—

"I . . . registrar of . . . hereby certify that the above written particulars relating to the ship and the title thereto are correct, and I further certify that the said owner has duly subscribed and affixed his signature and seal as appears above."

Registrar

In order to be quite safe in taking a security of this kind, the mortgagee must make a careful examination of the certificate to see whether any previous charge exists. Any person who advances money under a certificate of mortgage, when there is a previous mortgage or certificate of mortgage indorsed on the said certificate, does so at his own risk. His title is liable to be defeated by the person

claiming under the moubiance so indorsed. (See *SINCE—MORTGAGE*.)

CERTIFICATE OF ORIGIN.—For those Colonies which have a preferential tariff for British-made goods, a certificate of origin is necessary, and the amount shown in writing on the certificate must agree with the amount shown in figures on the invoice. Duty is charged on the net amount of the invoice, and it will, therefore, be seen how very necessary it is that all trade and cash discounts be deducted from the invoice, and in the same hand or typewriting. The customs authorities will not pass a hand-written discount on a typewritten invoice and *vice versa*. If the goods are of British manufacture, the certificate must show the *net amount*. If the goods are of foreign manufacture, the country of origin must be distinctly stated on the invoice. Merchants or shippers hold the suppliers of the goods responsible for any duty or expenses incurred through failure to carry out their instructions regarding the correct invoicing of the goods. The non-production of a certificate when

will depend. Below will be found the form of certificate in use to-day.

There are other forms similar in wording to the above, but they all resemble one another very closely.

CERTIFICATE OF PROTEST.—(See *PROTEST*.)

CERTIFICATE OF REGISTRATION.—A certificate given by the registrar of companies of any mortgage or charge registered in pursuance of Section 93, subsection 5, of the Companies (Consolidation) Act, 1908 (see *REGISTRATION OF MORTGAGES AND CHARGES*), and stating the amount thereby secured. The certificate is conclusive evidence that the requirements of the Section as to registration have been complied with. A copy of every certificate of registration is to be indorsed by the company on every debenture or certificate of debenture stock which is issued by the company, and the payment of which is secured by the mortgage or charge so registered.

CERTIFICATE OF REGISTRY. A document containing the name and description of a vessel,

Form of Certificate to obtain a rebate of Customs Duties on goods and articles, the growth, produce or manufacture of the United Kingdom, when made and signed by a person other than an individual manufacturer or supplier.

(1) Name of person signing the certificate. I (1)
(2) Insert the words partner, manager, chief clerk, or principal official, giving rank as the case may be. I am (2)
(3) Name and address of manufacturer(s) or supplier(s). of (3) hereby certify that
the Manufacturer(s) of the articles included, and sign this certificate on behalf of the said Manufacturer(s)
I have the means of knowing, and I do hereby certify that this invoice from the said (1)
(4) Name of manufacturer(s) or supplier(s). to (5)
(5) Name of party or parties to whom articles are invoiced. amounting to (6)
(6) Insert in words at length the total value of invoice.
is true and correct, and that all the articles included in the said invoice are bona fide the growth, produce, or manufacture of the United Kingdom, and that a substantial portion of the labour of that country has entered into the production of every manufactured article included in the said invoice to the extent in each article of not less than one-fourth of the value of every such article in its present condition ready for export to (7)
(7) South Africa or Canada, as the case may be.

Signed, this
Dated at day of 19

the goods are cleared at Customs would mean the loss of the rebate or re-payment of a certain portion of the duty charged at the port of entry, and the shipper would hold the supplier responsible for such loss. The preferential tariff accorded by our Colonies to British-made goods was an endeavour to obtain Colonial preference or a diminution of duty on certain goods exported from the Colonies to England, or free entry for Colonial goods against a duty on foreign goods. It was argued that if the Colonies gave a rebate of a certain amount of duty on British goods, we ought to grant the same concession to Colonial goods. Although the Preferential Tariff has been in force for about twenty years, Colonial Preference does not yet obtain in England, although there were clear indications of it in the Budget of 1919. The great controversy between Free Trade and Protection has still to be fought out, and it will be on the result of the struggle that the future trade policy of the country

and other particulars, granted at the port of registry.

CERTIFICATE OF SHARES (JOINT STOCK COMPANY). In the ordinary course of things it was quite sufficient for a prospective member of a company to have applied for and to have had allotted to him a share or shares in a company, and to have had his name entered upon the register to complete the whole business connected with the company. There was, in fact, in the early stages of company law, no necessity for any document to be produced as evidence of the title of any particular member to any share in the business of the company. The necessity for some tangible evidence of membership was first recognised by the Companies Act, 1907, and the Section referring to this matter has been reproduced by Section 92 of the Companies (Consolidation) Act of 1908. It is as follows—

"(1) Every company shall, within two months after the allotment of any of its shares, debentures,

or debenture stock, and within two months after the registration of the transfer of any such shares, debentures, or debenture stock, complete and have ready for delivery the certificates of all shares, the debentures, and the certificates of all debenture stock allotted or transferred, unless the conditions of issue of the shares, debentures, or debenture stock otherwise provide.

"(2) If default is made in complying with the requirements of this Section, the company, and every director, manager, secretary, and other officer of the company who is knowingly a party to the default, shall be liable to a fine not exceeding £5 for every day during which the default continues."

A certificate has now become a necessity, whether the matter is one of the issue of shares, debentures, or debenture stock, and it must be delivered to the person entitled thereto. Penalties are prescribed for failure to comply with the terms of the Section. The share certificate is delivered by the company upon the shareholder giving up the receipts which he has received in respect of the payment of the moneys required upon application and allotment. The certificate forms are always printed in book form with a perforation dividing the form from the counterfoil. Full particulars are entered on the counterfoil, as well as on the certificate. The form of the certificate is generally as follows:—

Ordinary Share Certificate.

No.	No. of Shares
The A. B. Company, Limited.	
Capital £100,000	
Divided into	(naming the different kinds of shares)
This is to certify that of is the registered holder of shares of each, numbered to, both inclusive, in the above-named Company, subject to the Memorandum of Association and the rules and regulations thereof, and that up to this date there has been paid in respect of each of the said shares the sum of	
Given under the common seal of the said Company the day of	

Sometimes the certificate has a footnote to the following effect:—

"The company will not transfer any shares without the production of the certificate relating to such shares, which certificate must be surrendered before any deed of transfer, whether for the whole or any portion thereof, can be registered, or a new certificate issued in exchange."

The signatures are those of two directors and of the secretary. The seal of the company is also affixed. The certificate is important, and it is always *prima facie* evidence of the title of the member to the share or shares indicated, and the object of the document is to enable a shareholder to show a good title if he wishes to transfer the shares, the numbers of which must be indicated. A share certificate does not require a stamp, and it is not a negotiable instrument. Moreover, it does not amount to a warranty of title on the part of the company issuing it.

The certificate is *prima facie* evidence of the title of the person named therein to the share or shares indicated. The certificate is, in fact, the member's title deed. The absence of a certificate would make it very difficult for any person who professed to be a member to deal with his shares, for a purchaser of the same, or a lender who advanced money upon the security of the shares, would naturally require some

tangible security before parting with his money. A difficulty will certainly arise if a certificate is lost or destroyed. Such a case is generally provided for in the articles, by which the company is empowered to issue a new certificate in place of the old one upon the member giving such indemnity as the company thinks fit under the circumstances. Sometimes there is a guarantee added, a third party becoming surety to indemnify the company in case of necessity. Thus, again, is an agreement in the form of an indemnity, and requires a 6d stamp. On occasions a statutory declaration (*qv*) of loss or destruction is made, and this requires a stamp of 2s. 6d.

The company is bound by what is stated in the certificate, or, in other words, it is estopped from denying the contents of the certificate. The certificate is, in fact, "a declaration to all the world that the person in whose name the certificate is made out, and to whom it is given, is a shareholder in the company, and it is given by the company with the intention that it shall be so used by the person to whom it is given, and acted upon in the sale and transfer of shares." And not only does the estoppel (*qv*) apply as to the name of the member entered upon the certificate, but also as to the statement of the amount which has been paid upon the shares, but the certificate must have been issued regularly by the company. Any fraud practised by its officials in the issue will release the company from liability under this head, and a person who takes a certificate which contains, to his knowledge, an untrue statement would receive no assistance from the courts. Moreover, the company is only bound in respect of a person who is a registered holder, and not of a third person into whose possession an erroneous certificate has come. The utmost care, therefore, is necessary in the preparation and issue of a share certificate, and in all subsequent dealings with the shares referred to in the certificate it is advisable that the company should insist, when it has to register a new member, that the certificate shall be produced.

In the absence of any express agreement, it is always an understood thing that a member or shareholder must pay for his shares in cash, and cash only, and the full amount of the nominal value of the shares must be paid. Shares cannot be legally issued at a discount, although by means of commission, brokerage, etc., as is shown in the article on UNDERWRITING, the same thing can, in effect, be carried out by a very small amount of strategy. But this primary obligation to pay for shares in money may be satisfied in money's worth, and it is well known that upon the sale of a going concern to a company some shares are almost invariably taken as a part of the purchase price. Again, shares may be awarded in return for work done or services rendered. It is not material that the so-called money's worth is of small value. The adequacy of the returns for shares will not be inquired into unless there is a clear case of fraud set up. It is essential, however, that any contract as to shares which are paid for otherwise than in cash shall be duly recorded in the allotment return which has now to be made within one month of the allotment of shares, and to be filed with the registrar.

It is to be noticed that before an official quotation, on the London Stock Exchange, for stocks and shares can be obtained, the committee require that the certificates shall conform to certain conditions (See QUOTATION ON LONDON STOCK EXCHANGE.)

CERTIFICATE ON TAXATION.—(See ALLOCATUR)

CERTIFICATION OF CHEQUES.—In the United States of America, cheques are frequently "certified" by bankers, the certification being equivalent to an acceptance on the part of the banker. When an American banker accepts or certifies a cheque, he charges the amount at once to the drawer's account and holds it in a special account against his liability upon the cheque. By the law of the United States, "where the holder of a cheque procures it to be accepted or certified, the drawer and all indorsers are discharged from liability thereon."

In this country, for the convenience of bankers in connection with the clearing of cheques, cheques are often "marked" as good, and in some cases they are "marked" at the request of the drawer (See MARKED CHEQUE)

CERTIFICATION OF TRANSFERS. (See CERTIFIED TRANSFER)

CERTIFIED CHEQUE.—A cheque which is marked or certified by a banker that it is good for the amount for which it is drawn (See CERTIFICATION OF CHEQUES, MARKED CHEQUE)

CERTIFIED COPY.—A certified copy, or an office copy, as it is sometimes called, is one that has been examined with the original and certified by the responsible official as being correct. Thus, if a will is required, the original cannot, of course, be obtained, but any person may have a copy of it on paying certain fees, and the registrar at Somerset House will certify as to its correctness when the copy has been compared with the original. For stamp duty, see COPY.

CERTIFIED TRANSFER.—Before registered stock or shares can be transferred, a deed of transfer executed by the person who is registered as proprietor and also by the purchaser has to be lodged, accompanied by the corresponding certificate in the name of the transferor with the company or registration office. Before a transfer deed is completed, it may be necessary for it to be sent through the post or handed over to different individuals, which involves a certain amount of delay and risk of loss, so that it is not desirable that the certificate relating to the deed should accompany it on its travels. A system is, therefore, in operation whereby the certificate supporting a deed of transfer may be lodged with the company or with the Secretary of the London or any of the provincial Stock Exchanges. The registrar or Stock Exchange official, as the case may be, takes charge of the certificate and affixes a stamp to the deed of transfer to the effect that a certificate in respect of the shares named therein has been lodged with him; this he signs and returns the deed to the broker who lodged it with him. This operation is called "certifying a transfer," for the registrar or official certifies that a certificate, without which the transfer would not be effective, has been lodged with him for the purpose of being used in support of such transfer. The handing over of a certified transfer is good delivery of stock or shares by a seller or his broker, for obviously it is not the duty of the seller or his agent to see to the execution of the deed by the purchaser. It should, perhaps, be mentioned that before a transfer is certified it has to be executed by the transferor.

Another advantage arising out of the system of certifying transfers is that it facilitates the handling of various transfer deeds arising out of shares included in one certificate. The holder of 100 shares

of a company may have sold 50, 25 of which have been bought by one individual and 25 by another; this means that two transfers will have to be executed and that three new certificates will have to be made out, two of 25 shares each in the names of the separate purchasers and one for the balance of 50 shares in the name of the original holder. As one of the transferees might be resident abroad or not readily available for purposes of signature, it might easily occur that while one transfer could be lodged for registration almost immediately, a week or more might elapse before the second deed would be ready for that purpose, and it would be impossible to keep the one certificate for 100 shares attached to the respective transfers. The difficulty is overcome by lodging the certificate for 100 shares with the proper official, and having the two transfers of 25 shares each "certified" and a balance ticket issued for the 50 shares remaining in the name of the original proprietor.

The practice of certification is not in any way supported by statutory enactments; it is merely the outcome of an accepted practice in business circles, and has obtained on several occasions the recognition of the courts. The most important case on the point is that of *Bishop v. The Balks Consolidated Co.*, 1890, 25 Q.B.D. 512, wherein Lord Justice Lindley fully dealt with the origin and practice of giving "certifications."

A deed of transfer is said to have undergone the process of certification when the following form appears in the top left-hand margin, below the place occupied by the revenue stamp, running at a right angle to the general body of the document—

No
Certificate No. for the Shares named
within, lodged with the Company this day
of , 19
For the Z Y X Company, Ltd.,
Secretary
Passed by

In some forms of certification, in addition to the number of the certificate, the distinctive number of the shares is also stated, but for the most part those numbers are not inserted in the certification form. Most of the companies employ a rubber stamp containing the form given above, for the purpose of dealing with transfers left for certification, though the majority of transfer forms sold by the law stationers contain a provision for this in the usual space. There is an advantage in using a special stamp for the purpose, inasmuch that it to a certain extent adds to the validity of the act of certification, as the name of the company is then imprinted on the deed.

Where a great amount of certification is carried on, it is found necessary to keep a record of all such transactions in a certification of transfers book, which provides the following information—

- (1) The number of the certification
- (2) The date when transfers are lodged
- (3) Transferor's name
- (4) The number of certificate lodged for cancellation
- (5) The name of brokers lodging transfers and certificate
- (6) The number of the shares named in the transfer.
- (7) Date when transfer returned for registration.

(8) The transferee's names

(9) A column for general remarks, in which any information as to balance note would be recorded.

If the work of certification is, however, not heavy, some companies prefer merely to enter the certification transactions on the back of the share certificate lodged with the deeds, certificates being, of course, in such cases immediately cancelled in the same way as though the transfer deeds were fully completed and handed in for registration.

Should the number of shares on the certificate exceed those represented by the transfer deeds lodged, the broker may require some "Note" stating the number of shares left over as a balance for disposal. On the other hand, he may intimate his desire to have a "balance ticket" issued giving instructions for a share certificate to be prepared for the number of shares left in the transferor's name.

Certifications are carried out both by the Secretary of the Share and Loan Department of the Stock Exchange, as well as by the secretary or other official of the companies to whom the shares or stocks relate.

CERTIORARI.—This is a special process by means of which the trial of an action may be removed from the court in which it would be ordinarily tried to a court of superior jurisdiction or the order made by a court of inferior jurisdiction, may be brought up to be quashed by a Divisional Court of the High Court of Justice. In civil cases it sometimes happens that local prejudice may be so strong that a fair trial is all but impossible, especially if it is a trial by jury, and the members of the jury have to be drawn from the inhabitants of the neighbourhood, and one of the parties to the action may, on showing good cause, procure the removal of all records, etc., connected with it to London, so that an impartial tribunal may be obtained. In criminal cases, also, it is occasionally thought advisable to remove the place of trial for similar reasons, and the same procedure is adopted if it is likely that difficult points of law may arise. Certiorari in criminal cases will probably become very rare now that the Court of Criminal Appeal has been established.

CESSIO BONORUM (and see SEQUESTRATION IN SCOTCH LAW) —The process of *cessio bonorum* (i.e., surrender of goods) was introduced into Scotch legal procedure in order to modify the rigour of the law as to imprisonment for debt. If a debtor made full disclosure and complete surrender of his goods, he obtained liberation from imprisonment and protection from actions. He remained liable, however, for his debts, and could not obtain a discharge. By the Debtors Act of 1880, *cessio bonorum* became a minor form of process for the distribution of bankrupt estates, and was often applied as a substitute for sequestration in dealing with small estates.

The process of *cessio bonorum* was abolished by the Bankruptcy (Scotland) Act, 1913.

CESTUI QUE TRUST.—This is an old French legal phrase, still in common use, which signifies the person in whose favour a trust operates, i.e., the person who is beneficially interested in the estate. Thus, if Brown holds lands or a fund in trust for Jones, so that, although Brown is the legal owner, the benefits of the trust are to be for Jones, Brown is the trustee and Jones is the *cestui que trust*. The plural of this phrase is *cestuis que trustent*. (See TRUSTEE.)

CESTUI QUE USE.—The person in whose favour a use or a trust in real property has been declared.

CESTUI QUE VIE.—When property is held by one person during the life of another person, that person during whose life the property is to be enjoyed is called the *cestui que vie*. When an estate is held in this manner it is generally known as an "estate *pur autre vie*."

CEYLON.—**Position, Area, and Population.** "Ceylon, the resplendent," is a pear-shaped island, lying to the south of India, between 6° and 10° north latitude and 79½° and 82° east longitude. It is, in reality, a detached fragment of India, from which it is separated by the Gulf of Manar and Palk Strait. Manar and Rameswaram Islands, and the coral reef of Adam's Bridge almost connect the island with the mainland of India, suggesting the route of a future railway. The area of the island is 25,481 square miles (over one-fifth of the United Kingdom), and its population approximately 4,500,000, most of whom are Sinhalese (sometimes called Cingalese) and Tamils. Most of the population are found in the south-west.

Coast Line. The land round the coasts is low-lying, and backwaters expanding into large lagoons are found at Batticalao and other places. Trincomalee, on the north-east, has a fine natural harbour, and Colombo has a magnificent artificial harbour. Powerful ocean currents sweep along the coasts, but the tides are scarcely perceptible.

Build. From the low coastal strips, which widen in the north and north-east, the land rises to the circular mountain plateau of the centre (4,000 square miles), attaining heights of 8,300 ft. in Pedrotalagalla and 7,400 ft. in the famous Adam's Peak. Numerous short rivers traverse the island, the longest being the Mahavillaganga (150 miles), which pours its waters into the ocean at Trincomalee.

Climate. The climate is tropical, but comparatively healthy, except in the low-lying districts. Tropical heat is moderated by the surrounding waters, and the monsoon winds (the south-west blowing from June to September, and the north-east from October to January). The average mean annual temperature of the coast districts is 80° F., at Kandy, 76° F., at Colombo, 80° F., at Manar, 82° F., and at Nuwara Eliya, the sanatorium (6,000 ft. high), 58° F. Great variations in rainfall occur in different parts of the island, the driest districts being those of Manar in the north-west and Hambantota in the south (30 to 40 in.), while the wettest district is the Ratnapura in the south-west (150 in.). Colombo has an annual rainfall of 88 in. and Nuwara Eliya 95 in.

Production and Industries. *Agriculture.* Most of the inhabitants of Ceylon are engaged in agriculture. Coffee, once the staple product, has been almost entirely destroyed by disease. Over 700,000 acres are cultivated with rice. Tea (500,000 acres) now takes a very prominent position, and flourishes from a few feet above sea-level to an elevation of 7,000 ft. The bulk of the tea plantations are, however, found in the central plateau, where the slope, decaying vegetable matter, heavy rains, and iron-impregnated soil are favourable factors. Extensive markets in Europe, the United States, Russia, and Australia tend to increase the production. In recent years, rubber has been grown in increasing quantities on the lowlands, and now over 300,000 acres are devoted to its cultivation. European capital is now being employed in the cultivation of the coco-nut palm, and the desiccation of the kernel for

confectionery. The best coco-nut land lies north and south of Batticaloa, and between Puttalam and Galle. Other agricultural products are cinnamon, cinchona in the tea districts, cacao, tobacco, and spices.

The Pastoral Industry. Cattle are the chief animals reared, and are largely used for draught purposes, especially the small Sinhalese cart bulls. The number of horses is small, mainly on account of the climate. Goats, sheep, and pigs are found in fairly large numbers. Efforts are being made to improve the breeds of the various animals.

Mining. The mineral resources are small, though the output of plumbago is large, and Ceylon has long been famous for its gems. Rubies and cats' eyes are found in the Ratnapura district, and moonstones in the Kandy district.

Fishing. The pearl fisheries in the Gulf of Manar, which have been leased to a company, are important.

Forestry. Very valuable timber, including ebony and satinwood, is found in the Ceylon forests.

Manufactures. These are of local importance only. They include the manufacture of cori rope and coco-nut matting, salt (a Government monopoly), vegetable oils, desiccated coco-nut, cotton cloth (hand looms), arrack (spirit), jewellery, baskets, furniture, and leather.

Communications. Ceylon has many good roads, and most parts of the island are accessible by land or sea. Railways are extending, all the principal towns and planting districts are connected by rail. The main line runs from Colombo through Kurunegala, Anuradhapura to Jaffna, with branches to Kandy, Nuwara Eliya, and Galle.

Commerce. The exports of Ceylon are tea, cacao, cardamoms, cinnamon, cori yarn, fibres, citronella oil, rubber, plumbago, copra, areca nuts, almonds, and cinchona. Metals, machinery, coal, cotton goods, salt fish, rice, gram, and spirits are the chief imports.

Trade Centres. Colombo (270,000), the capital, and the most central port of the Indian Ocean, possesses a magnificent harbour on the west coast. From it routes diverge to India, China, and Australia. Most of the foreign trade of the island passes through Colombo.

Galle (50,000), at the extreme south of the island, is a port still important commercially, though it has lost much of its old importance, since the rise of Colombo as a steamer port.

Kandy (35,000), the old Sinhalese capital, is beautifully situated on the highland of the Central Province. The attractive botanic gardens of Peradeniya are in its neighbourhood.

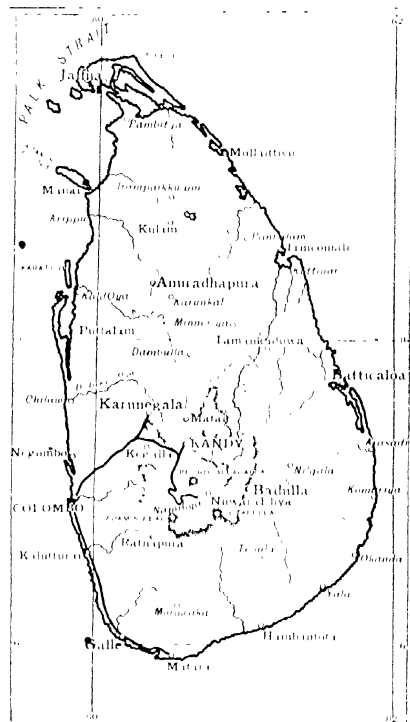
Jaffna (30,000), in the extreme north, is a purely Tamil town.

Trincomali, on the north-east, has a fine harbour, but its inaccessible position limits its trade.

People and Government. Ceylon is a British Crown Colony. It is ruled by a Governor (appointed by the Colonial Office in London), who is aided by an Executive Council of five leading officials, and a Legislative Council of seventeen members. The island was constituted a separate colony in 1801, and the whole area passed into British hands in 1815, when the Kandyan king was taken prisoner. Over 60 per cent. of the population are Sinhalese, 25 per cent. Tamils, and 6 per cent. Mohammedans. Europeans number about 6,500. Financially the colony has flourished of late years, and the limits of the productive capacity of the island are still far from being approached.

Dependency. The Maldivé Islands, a long chain

of coral formation, lying 500 miles west of Ceylon, are governed by an hereditary Sultan, who pays a yearly tribute to the Ceylon Government. Most of the inhabitants are Mohammedans, who obtain their livelihood from the numerous coco-nut palms, fruits, and edible nuts.



of mails are despatched to Ceylon from Great Britain every Friday night. Colombo is 6,300 miles distant from London, and the time of transit is about sixteen days.

• **C.F.I.** (Also written C.I.F.) When these three letters are used in connection with the shipment of goods, they signify "cost, freight, and insurance", and their meaning is that there is imposed upon the seller of the goods an absolute duty to procure the shipment of the same under a bill of lading such as will, under the provisions contained in it, insure the delivery of the goods at the specified destination. Mr. Justice Blackburn commented on this form of contract in the leading case of *Behan v. Livingston*, 1872, L.R., 5 H.L. 395, as follows: "The terms at a price to cover cost, freight, and insurance, payment by acceptance on receiving shipping documents, are very usual, and are perfectly well understood in practice. The invoice is made out debiting the consignee with the agreed price (or the actual cost and commission, with the premiums of insurance and the freight, as the case may be), and giving him credit for the amount of the freight which he will have to pay to the shipowner on actual delivery, and for the balance a draft is drawn on the consignee which he is bound to accept (if the

shipment be in conformity with his contract) on having handed to him the charter party, bill of lading, and policy of insurance. Should the ship arrive with the goods on board, he will have to pay the freight, which will make up the amount he has agreed to pay. Should the goods not be delivered in consequence of a peril of the sea, he is not called on to pay the freight, and he will recover the amount of his interest in the goods under the policy. If the non-delivery is, in consequence of some misconduct on the part of the master or mariners, not covered by the policy, he will recover it from the shipowner. In substance, therefore, the consignee pays, though in a different manner, the same price as if the goods had been bought and shipped to him in the ordinary way."

CHAIN.—A measure used in surveying, the length of which is 22 yards. It is composed of 100 iron links, and is generally known as "Gunter's Chain," so-called from the name of the inventor. One square Gunter's chain is one-tenth of an acre.

CHAIN OF REPRESENTATION. (See STATUTES OF DISTRIBUTION.)

CHAIN RULE.—An arithmetical rule much used in commercial calculations. It consists of the formation of a series of equations which are connected together and dependent each on the preceding one, like the links of a chain.

CHAIRMAN, DUTIES OF.—The complete duty of the chairman of a meeting comprises what he ought to do *before*, *at*, and *after* the meeting, though we are not concerned here with the last division of his duty, since it has nothing to do with the meeting as such, and simply consists in seeing that the decisions of the meeting are carried into effect. Indeed, oftener than not it is the business of others than the chairman to do this.

As regards his duties *before the meeting*, they are slight, and depend upon whether he is a permanent chairman (as, for instance, of a body) or only an occasional one, and if the latter, whether he has been appointed beforehand or not. It is obvious that the preparations for a meeting cannot concern the chairman who is only elected or appointed at the meeting. The permanent chairman of a body has little or nothing to do with the practical details of the arrangements for the meetings, as there will be officials whose duty it is to attend to these, and the chairman's supervision will only be necessary on special matters outside the usual routine. He may, however, have important preparatory functions to discharge, such as convening meetings (in some cases) or approving notices of motion. Such duties attach in particular to the office of chairman of certain local authorities, whose standing orders should be referred to as well as the statutory provisions regulating their proceedings.

The preparatory duties of a chairman appointed beforehand to preside at an occasional meeting are to supervise the practical arrangements for the gathering, and to formulate the business and procedure. The practical arrangements are the organisers' affair, and, if in competent hands, should need but slight attention from the chairman. Of the business and procedure of the meeting, on the other hand, the prospective chairman cannot know too much; he should thoroughly master the entire business which has to be transacted, arrange the order in which it is to be taken, and think out every contingency which may arise. He should have the agenda paper clearly written out, and generally see that each step in the proceedings is

cut and dried. Careful prevision will be more than repaid in the smoothness and success which it will ensure at the meeting. In drawing up the agenda, the names of the chief speakers should, if possible, be inserted; these will be the movers and seconders of the substantive resolutions. The conveners of the meeting are generally able to select such speakers from among their supporters beforehand; and a careful chairman will see that this is done, for it is essential that the important business should be well presented to the meeting, and this requires some preparation. It is quite a mistake to try to give the proceedings an air of spontaneity; not only do the circumstances require, but the audience prefer, that a meeting called for a particular purpose should in its essentials be arranged beforehand. Criticism and opposition arising naturally out of the questions to be dealt with will prevent the meeting from being too artificial and from presuming too much upon general opinion. It is desirable when organising a meeting to call it at a time convenient to those likely to be interested, and to see that reasonable steps are taken to ensure that all such people get notice of it. Otherwise an impression may be created that the meeting was designed to exclude all but a clique; and, what is much more serious, there is a danger of the decisions arrived at not being final by reason of the non-participation in the discussions of persons entitled to be heard.

The chairman should see that good accommodation is provided for the Press, and remedy any defects there may be in this respect when the time of the meeting arrives. We live in an age of publicity, the instrument of which is the reporter who penetrates everywhere. On important occasions, when momentous matters are decided or significant speeches delivered, the reporters are of greater consequence than the audience, for they are the channels of communication to the vast world outside the hall. Give them a place of vantage for hearing and elbow room to write. If it is considered advisable to exclude the Press from a meeting, it should be remembered that avowed journalists are not the only means of publication; amateurs of the fountain pen and note-book may lurk among the audience, and everyone present should, therefore, be put upon his honour when privacy is desired.

Before presiding at an open-air meeting, the chairman should satisfy himself that the necessary steps have been taken to ensure an uninterrupted and successful meeting. Such duties are for the secretary or other representative of the organisers to discharge, but a methodical chairman will like to know that nothing vital has been overlooked. For instance, it is absolutely essential to fix upon a pitch where the meeting will be allowed to be held—a matter which, as a rule, can only be settled by consulting the police. This assumes, of course, that the meeting is for a purpose having no connection with any vindication of a local right of meeting.

While on the question of the police, relations with them in connection with meetings generally may be mentioned. While not legally necessary, it is advisable to notify the nearest police-station beforehand of large public indoor meetings, as well as of all open-air meetings. In response, the inspector will almost certainly arrange for one or more constables to attend or be near at hand. By special arrangement, which will probably include payment, their exclusive attendance may be secured. Of their own accord, the police will only interfere

in case of serious disorder, and it is very undesirable to invoke their aid merely to eject an interrupter, the services of the stewards should first be exhausted. It is always advisable at large meetings to arrange for a number of trustworthy supporters to act as stewards; they will facilitate the seating of the audience and be in readiness for any emergency.

In conclusion, as to a chairman's duties before the meeting, these must necessarily vary with the nature and purpose of the meeting. A careful chairman will confer with the conveners, organisers, or officials according to circumstances, and ascertain both what (if anything) he may actually be required to do beforehand, and also what it is desirable he should do in the way of supervision and preparation. As an instance of special preparation necessitated by one kind of meeting and not by others, we may mention the classification and co-ordination of resolutions before a congress. In a conference of an association or body having a number of branches, many of whom will have given notices of motions they intend to introduce. This work is usually assigned to a special committee, of which the chairman of the coming meeting will probably be a member, but in any case the matter is very much his concern, and it is essential for him thoroughly to understand what has been done, in order that he may deal clearly and firmly with the various motions at the meeting.

We now come to a chairman's duties *at the meeting*. By duties are meant the functions he should perform, and these involve some consideration of his personal qualities and of the attitude he should display in handling the business and dealing with the questions and emergencies that arise. The actual procedure in debate will be found described in the article on the CONDUCT OF MEETINGS.

The chairman's duty is to manage the meeting, which is held for the purpose of transacting certain business, and not only must he guide and control the transaction of that business, but he must handle the audience so that that business does not suffer from improper interference or interruption. In a sense, therefore, his first concern is the maintenance of order, because in disorder no business whatever can be done, but it will only be rarely that this rudimentary need obtrudes itself, so that the chairman's main duty, generally speaking, is to manage the business which has to be transacted.

Dealing first with the maintenance of order, there are certain essential qualities which must be displayed to ensure this, and the aim should be rather to preserve order than to rely upon the power to restore it when it has been disturbed. The latter is always a very much more serious task than the former, and it may become an impossible one, for disorder is very infectious, and the meeting may easily get out of hand. The essential qualities above referred to are firmness, tact, and good temper, the exercise of which will inspire the audience with a wholesome respect for the chair and nip in the bud any disorderly tendency. They will do more to control a meeting than mere loud masterfulness, which tends to irritate by its indiscriminating use of crude force, when a delicate discretion is often needed. Strength of manner, of course, is requisite; without it, certain types of persons in an audience would get out of hand, but generally, tactfulness and imperturbable temper are the most effective methods of control. Loss of temper involves loss of power in several directions.

Tact at meetings may be defined as leading the audience and individual members of it by the paths most acceptable to them; as in all other circumstances, it is the art of considering the feelings of others. A sense of humour, too, is very helpful, and will often ease a situation when every other means seem likely to fail. If an interrupter persists in serious disturbance, the chairman should, after warning him, direct the stewards to eject him. When disorder becomes general and all attempts to quell it are futile, the chairman should vacate the chair and declare the meeting closed or at least suspended. Business done at a meeting while the chair is thus justifiably vacated is not valid. In discussing the question of disorder, repressive treatment, vigorous or tactful, as the case requires, is mainly in view, but it should be remembered that disturbance is sometimes due to provocation of an inextinguishable kind, and it is in a high degree essential that the chairman himself should do nothing to arouse the resistance of reasonable people. Partiality, for instance, or unnecessary harshness would have that effect, and must be most carefully avoided. Most chairmen are thoroughly alive to this, and, when presiding, feel themselves under a special call to impartiality and restraint.

Dealing now with the management of the business of the meeting, thus, if it is to be done successfully, needs a methodical and logical mind, a capacity for thinking and deciding quickly, a power of ready speech, strict fairness, as just emphasised; and a good knowledge of procedure. Those qualities will all be required in a fairly high degree of efficiency if the business is to be kept clear. Speaking of the average meeting, there is, perhaps, no greater need than this of clearness, and if the chairman is to keep the audience continually clear in their minds as to what is going on, he must first understand it very exactly himself. Assemblies seem peculiarly liable to confusion and misunderstanding, perhaps owing to the conflict of so many different points of view, and, added to this tendency, there may be considerable complication in the proceedings themselves. If amid all this the chairman cannot guide and explain with a sure touch, the meeting will at best muddle through its business, or perhaps be a complete failure. In all he has to say, the chairman should pay particular attention to clear, emphatic enumeration, so that every word of his rulings and interpositions may be heard by all; indistinctness is unpardonable.

So much for personal qualities. As regards the specific steps to be followed, see articles on AGENDA and ORDER OF BUSINESS. If the meeting is subject to such condition the chairman must first see that a quorum is present, and if the meeting is one of a series, he must sign the minutes of the last meeting after they have been read and approved. The several steps vary very much, of course, according to the character of the meeting, but in every case there will be an agenda paper prepared beforehand, to which the chairman should closely adhere, taking each item in its proper order, though it is within his discretion to vary that order. If an interim chairman only has been appointed at the outset, pending the election of a chairman, such election (see article on ORDER OF BUSINESS) will be the first and only concern of the interim chairman.

After the preliminary formal business at occasional meetings, congresses, and long interval meetings of associations, the chairman delivers his

opening speech. This is often an extremely important item in the proceedings, when it is a president's inaugural address at the conference of some great association, that is obviously the case, what we have more in mind is the utilitarian aspect of the chairman's opening speech on lesser occasions. Such a speech can contribute enormously to the success of the business it precedes. A concise, well-balanced statement of the purpose of the meeting will fix the attention of those present on the essential matters to be dealt with, and obviate possible misunderstandings with the loss of time they cause. The chairman should be careful not to make his introductory speech too long. Except at political and other meetings, when time may have to be filled up, the chairman's opening speech is his only set utterance, after its delivery he lays oratory aside and becomes simply manager of the proceedings, speaking only when necessary for that purpose, e.g., to call upon speakers, to put motions and announce their result, to call to order, to give rulings, and to interpose elucidating comment when there is any tendency to confusion. Only in the rarest circumstances should a chairman make a partisan speech, as, for instance, when he occupies the chair because of his holding the office of president, and then he should vacate the chair temporarily in order to speak.

After the chairman has delivered his opening speech, he will call on the person whose name is down to introduce the first item of business. This may be the resumption of an adjourned debate, the making of a financial statement by a treasurer or chairman of a finance committee, presentation of a report by the chairman of a committee, or the moving of a resolution. When a resolution has been moved, the chairman should call for a seconder, without whom the motion falls to the ground and no discussion can be allowed on it. If it is seconded, a general discussion on it will then take place, the chairman calling on each speaker as he rises. When the question has been exhaustively debated or when speakers fail, the chairman should rise and put the question to the vote by show of hands, and announce the result. He will then proceed to the other motions on the agenda in the same way. Instead of simply expressing his views one way or the other on a subject under debate, a speaker may move an amendment to the original motion. Such amendment must be in a form approved by the chairman (e.g., it must be relevant and may not be a direct negative), it must be seconded like an ordinary motion, and it must be discussed and disposed of before proceeding with the original motion or any other amendment. An amendment may be moved to an amendment, but for explanation of these points of procedure, see the article on CONDUCT OF MEETINGS.

The chairman must closely follow each speaker's remarks and check any irrelevancy, marked prolixity, incoherence, offensiveness, or gross provocation. Length of speech is a matter which it is often very desirable to deal with in the way of limitation on account of shortness of time available, or the large number of persons who wish to speak. Unless, however, the rules of the body make provision on the point, a restriction can only be imposed by consent of the meeting itself, so that the chairman should test the feeling of the audience if he thinks the circumstances render a time limit desirable. As a rule, business not on the agenda should not be admitted, even if it is relevant to the matter before

the meeting, but there may be occasions on which the rule should be relaxed, it is for the chairman to decide, though he should be guided by the feeling of the meeting. Very considerable importance attaches to the exercise of the chairman's discretion as to his accepting motions for adjournment, whether of the debate on a particular resolution or of the whole meeting. He must be guided by many circumstances, but it is always preferable in important matters to err on the side of freedom rather than restriction of debate. Particularly vital is the chairman's decision to accept the motion of the "previous question," the effect of which is equally to stop the discussion proceeding at the time, whether it be carried or negatived (see article on PREVIOUS QUESTION), though the debate on the "previous question" motion itself affords some opportunity for further expression of opinion on the substantive motion to which the "previous question" has been moved. At any moment any person present may raise a point of order on which the chairman must give his ruling, the point may involve a question of procedure, propriety, or privilege. (See article on POINTS OF ORDER.) Except at committee meetings, the chairman should only allow a person to speak once on the same motion. If the meeting is that of a body having rules or standing orders, it is, of course, indispensable that the chairman should know them thoroughly and conduct the meeting strictly in accordance with them.

At times of excitement, when there is great disorder, alarm, or panic, the chairman's prime duty is to keep perfectly cool and collected, only so can he be resourceful and take the wisest steps to meet the situation. Moreover, the influence of his calmness will be the strongest possible means of tranquillising the audience.

CHAIRMAN, QUALIFICATIONS OF.—The qualifications necessary or desirable in the chairman of a meeting are either legal or temperamental, in other words, they are matters of status or personality. Legal qualifications are either statutory or general, the former apply only to chairmen of statutory bodies, such as local authorities and other public bodies whose constitution is established and governed by Acts of Parliament, the latter apply to all chairmen. It is perhaps not necessary to deal here with the "chairman" of the House of Lords, who must be the Lord Chancellor, or with the Speaker and Chairman of Committee of the House of Commons, who must be Members of Parliament.

The statutory qualifications of chairmen of public bodies will be referred to later. As regards general legal qualifications, these are simply the few and obvious ones dictated not so much by expressly applied law, as by sense and convenience in view of the possible legal consequences of the absence of such qualifications. First, a chairman should be of age, i.e., twenty-one years old, secondly, he should be a British subject, and, thirdly, he should be financially solvent. It is not intended to be laid down here that these qualifications are essential, and no doubt in the case of most meetings they (or at least the first two) would not in themselves be of any importance, provided, of course, the chairman was in other respects fit and suitable. But, nevertheless, these three qualifications should be taken into consideration for the reason that the chairman may be required at or after the meeting to do some act in his capacity as representing the

meeting—such as signing a document—which has being a minor, an alien, or a bankrupt might possibly vitiate. On social or other unimportant occasions, when it is certain that no responsibility is to be assumed, then the special considerations mentioned need not be observed.

Sex in itself is no disqualification for chairmanship, and now that so many women have emerged from the exclusively domestic sphere and engaged in wider activities, the qualifications of some of them to preside over meetings other than purely feminine ones are not to be ignored. Women, however, as a rule, do not possess the strength of voice and physical forcefulness required for large or stormy meetings. By the Qualification of Women (County and Borough Councils) Act, 1907, the eligibility of women, previously existing for membership of other local authorities, was extended to the offices of county or borough alderman or councillor, and, therefore, to those of chairman or mayor. (By the Representation of the People Act, 1918, the position of women has been further altered, and now women, both married and single, with certain limitations, are entitled to the exercise of the Parliamentary franchise, and, if elected, may sit as Members of Parliament.) A woman, is now fully entitled to be appointed and to sit in court as a justice of the peace.

Temperamental qualifications, of course, apply universally to the function of chairmanship. While a certain formal or legal status is, for the purpose of some bodies and some meetings, requisite in a chairman, it is his personal traits alone which can make him for practical purposes a good chairman. Perhaps the first essential is impartiality, without which a chairman will hardly be able to hold the meeting in hand, and the decisions arrived at cannot be expected to carry weight. Unfailing good temper is another essential, for the chairman must himself be cool if he would control the heat of others. Tact, too, is necessary to persuade rather than compel the various and conflicting interests in an audience. With these conciliatory qualities, however, there must be a strength of manner sufficient to inspire respect and confidence. A good knowledge of procedure, a power of clear and ready expression, and ability to decide quickly are all vitally necessary for a successful chairman. In only one respect need physical fitness for presiding at a meeting be taken into account, and that is as to clearness of utterance. It is difficult to see that any consideration can justify a person's presiding over a gathering if he is unable to make himself easily heard. Distinctness of speech, which is quite indispensable to the proper discharge of the chairman's function, depends, however, much more upon enunciation than upon strength of voice, and is, therefore, within the power of all to achieve if pains be taken, except, of course, where actual impediment of speech exists.

Coming now to the question of statutory qualifications, these apply (1) to chairmen of public bodies and (2) to chairmen of meetings of those bodies. They do not apply simply to meetings unconnected with public bodies, unless such meetings themselves exercise statutory functions, as in the case of parish meetings where there is no parish council, though here the parish meeting really is, in effect, a public body. As regards the qualifications necessary in the chairmen of the meetings of public bodies, the invariable provision is that the chairman of the meetings shall be the chairman of the body,

if present, or, failing him, as a rule, the vice-chairman or deputy. In the absence of both, or in the case of non-selection of the vice-chairman when his right to preside is not absolute, the members present must appoint one of themselves to the chair, giving priority according to grades, if any. For instance, in the case of county and borough councils, the aldermen, if present, have a right to preside prior to ordinary members. As regards the qualifications of chairmen of public bodies, these are laid down by the Acts constituting such bodies, and are special matters which there is not space to deal with here for the various cases.

At a first meeting of creditors the official receiver or his nominee will preside, at subsequent meetings the chairman will be such person as the meeting by resolution appoints.

The question sometimes arises in an association as to what are the relative rights to preside at the association's meetings of the president, vice-presidents, and (as there sometimes is) chairman. Presuming the rules afford no direction on the matter, it can scarcely be questioned that the president, if present, has the first right to preside at all meetings, certainly annual and other general ones. Where the separate office of chairman exists, however, it is rather an indication that the president is expected to be someone who will not actively participate in the routine work of the association, so that the chairman will usually preside at the regular meetings of the executive and also of the main body, if it meets frequently. The vice-presidents occupy rather an ambiguous position. In small associations, where there is no separate office of chairman, a vice-president, if one is present, should be appointed to the chair at meetings when the president is absent, before, say, an ordinary member of committee is resorted to. In large associations having a separate office of chairman, the vice-presidents will usually be courtesy officers rather than active participants, and it will be more appropriate for the chairman to preside in the president's absence.

It is very important for chairmen of public bodies to note in the statutes governing those bodies the various ways in which they may become disqualified for holding their office.

CHALCEDONY.—A beautiful mineral consisting of silica, and differing from quartz in having no distinct crystalline formation. There are many varieties, among which are the agate and the onyx. All are much used by jewellers, who hunt the name "chalcodony" to the greenish, translucent stone. Originally found at Chalcedon in Greece, it is now widely distributed, being usually discovered in rocky cavities. Great Britain yields many specimens.

CHALK.—A pure limestone or carbonate of lime often mixed with small quantities of silica, alumina, and magnesia. It is white, soft, and opaque, but there are impure varieties, which are hard enough to be used as building stone. When burned, it is changed into lime, and is then largely used for making mortar. When mixed with clay, it produces Roman cement. Chalk is also the basis of Portland cement, one of the most important accessories of the building trade. It is valuable in agriculture as a manure, but a naturally chalky soil is more suitable for sheep pasturage. Pounded and purified chalk is known as whiting, so much used for domestic purposes.

Black chalk is quite distinct from common chalk, being a peculiar kind of slate or clay found in

France, Spain, and Italy. It is used in drawing and printing. Red chalk is a mixture of clay and peroxide of iron, found in Germany and much employed by painters. French chalk is a preparation of soapstone or steatite.

CHALKING THE DOOR.—A Scottish law expression, which indicates a peculiar method of giving notice of the removal of a tenant, generally a member of the poorer classes, so that possession of the property may be regained by the owner. The burgh officer makes a mark upon the principal door of the tenement in the presence of witnesses, upon the verbal or the written authority of the owner, forty days before the term of removal. The marking, or chalking, having been done, a declaration to this effect is made by the owner and one of the witnesses, and then proceedings in ejectment may be taken six days after the expiration of the date of the declaration.

CHALLENGE.—(See JURY.)

CHAMBERS OF COMMERCE.—For the purpose of promoting and protecting the commercial, financial, and industrial interests of merchants, bankers, traders, etc., voluntary associations, known as Chambers of Commerce, have been in existence in Great Britain for more than a century, but the history of Chambers of Commerce dates back to a much earlier period than 1783, the year of the institution of the first British chamber, at Glasgow, for as early as the end of the fourteenth century a chamber was in existence at Marseilles. It was not until 1650, however, that the latter chamber attained its ultimate organisation after being several times suppressed and revived. France was many years before Great Britain in the establishment of Chambers of Commerce. In the year 1700 there was instituted at Paris a Council General of Commerce, composed of six councillors of state and twelve merchants or traders from the chief commercial towns of the country. From this point the establishment of chambers grew rapidly in France. Lyons followed the lead of Paris in 1702; Rouen and Toulouse in 1703; Montpellier in 1704; and Bordeaux in 1705. These and many other chambers suffered suppression by the decree of the National Assembly in 1791, but were re-established eleven years later. The functions of these Chambers now are to consider and advise the Government on matters affecting the industry and commerce of their respective districts, the construction of works necessary for the increase of trade such as harbours, railways, etc., and to suggest improvements with regard to commercial legislation and taxation.

Following the institution of the Glasgow Chamber was that of Edinburgh, incorporated by Royal Charter in 1786. The latter chamber has such good work to its credit as the advocating of the Suez Canal project and the inauguration of the movement for the controlling of the telegraph services by the State. It was also the first public body to petition for the abolition of the Corn Laws and the adoption of Free Trade principles. Another chamber which strenuously fought for Free Trade was that of Manchester, established in 1820. Most of the important towns in Great Britain now have their own chambers to promote and protect their local and general commercial interests. By means of these chambers, members are enabled to focus, express, and give effect to the views and requirements not only of themselves, but of the whole commercial community of their district.

The London Chamber of Commerce, now the most influential in the United Kingdom, with a membership of over 8,500, was not incorporated until 1881. It is governed by a council of 151 members, consisting of elected, nominated, *ex-officio*, and Trade Section members, the elected members being chosen by a poll of the whole of the members, and one-third retiring annually. *Ex-officio* members of the council are the Right Hon. the Lord Mayor, the Governor of the Bank of England, the Chairman of the Stock Exchange, the Members of Parliament for the City, and ex-Presidents of the Chamber and ex-Chairmen of the Council. Affiliated with the Chamber are forty-six Commercial Associations, which nominate their own delegates to seats on the council.

The Memorandum of Association thus defines the Chamber's objects—

(1) The promotion of the trade, commerce, shipping, and manufactures of London and of the home, Colonial, and foreign trades of the United Kingdom.

(2) The collection and dissemination of statistical and other information relating to trade, commerce, shipping, and manufactures.

(3) The promoting, supporting, or opposing legislative or other measures affecting the aforesaid interests.

(4) The undertaking by arbitration of the settlement of disputes arising out of trade, commerce, or manufactures.

(5) The doing of all such other things as may be conducive to the extension of trade, commerce, or manufactures, or incidental to the attainment of the above objects.

It serves the interests of members by placing at their disposal the facilities it possesses for communication and negotiation with every Home Government Department and all Local Authorities, as well as with every Chamber of Commerce or corresponding institution throughout the Empire or in foreign countries. Members have free use of the statistical and information department for replies to enquires on all questions, and are supplied with data on every subject properly falling within a commercial or industrial definition. The utility of this department is shown by the fact that 13,646 specific inquiries of a varied character were registered and answered in 1918. Members have the right to present individual or collective grievances, local or general, home, Colonial, or foreign, in connection with official or other procedures for consideration by the Council and the Trade Sections, and to have the full influence of the Chamber exerted in securing the adjustment of well-founded complaints. Specially reduced terms or exclusive privileges are granted in respect of Certificates of Origin and Certification of Invoices, Commercial Travellers' Certificates, etc. An Employment Department assists in securing efficient office assistants of all grades, whose capacity, in many cases, is guaranteed under the commercial education scheme of the Chamber instituted in 1890. Meetings are convened to hear addresses on non-political, economic, commercial, and geographical topics, to which members are admitted free.

All proposed legislation by Parliament, in so far as it affects commercial and industrial interests, is carefully considered by the Chamber, and it has promoted, supported, or assisted in modifying, a large number of measures now upon the Statute Book, including

The Bills of Exchange Act.
 The Arbitration Act.
 • The Factors Act.
 • The Bankruptcy Acts.
 The Railways and Canal Traffic Acts.
 The Railway (Rates and Charges) Provisional Order Acts.
 The Factory and Workshop Acts.
 The Trade Marks Act.
 The Technical Education Act.
 The Fertilizers and Feeding Stuffs Act.
 The Workmen's Compensation Acts.
 The Conciliation Act.
 The Company Law Amendment Acts.
 The Merchandise Marks Acts.
 The Food and Drugs Acts.
 The Naval Defence Acts.
 The Prevention of Corruption Act.
 The Port of London Act, 1908.
 The London Building Act.
 The Metropolitan Water Board Charges Acts.

In several instances its opposition to certain Budget proposals was entirely successful, more especially in connection with the suggested tax on brokers' contracts and the additional stamp duty on cheques proposed some years ago, which were both withdrawn. (The increase of the stamp duty on cheques from 11 to 2d., made by the Finance Act, 1918, was necessitated by financial considerations and the heavy increased expenditure of the State.)

The "Trade Sections" of the Chamber submit to the Council for confirmation such recommendations as have been arrived at on matters vital to their respective trades or industries. The active trade sections, which number about fifty different branches of industry and commerce, include the following—

Advertising Section.
 Australasian Trade Section.
 Bakery and Confectionery Trade Section.
 Bookbinding Trade Section.
 Canadian Trade Section.
 Canned Goods Trade Section.
 Chemical Trade Section.
 China and Glassware Section.
 Coal Trade Section.
 Coffee and Cocoa Trade Section.
 East African Section.
 East India Section.
 • Electrical and Allied Trades Section.
 • Engineering and Allied Trades Section.
 • Fancy Goods, China, Sports and Games Trades Section.
 Far Eastern Section.
 Financial Section.
 Furnishing Trade Section.
 Fur and Skin Trade Section.
 Green Fruit and Vegetable Trade Section.
 Gun and Ammunition Trade Section.
 Iron, Steel, Tinplate, and Metal Merchants Section.
 Leather Goods Manufacturers Section.
 Leather Trade Section.
 Manufacturers Section.
 Marine Insurance Section.
 Metal Trades Section.
 Mexican Section.
 Mining Lane Section.
 Music Trades Section.
 Oil Trade Section.

Owners of Proprietary Articles Section.
 Paint and Varnish Manufacturers Section.
 Packing Case Makers Section.
 Paper Trade Section.
 Patents, Trade Marks and Designs Section.
 Petroleum and Allied Trades Section.
 Preserved Food Trade Section.
 Provision Trade Section.
 Retailers Section.
 Russian Trade Section.
 Scientific Instrument, Optical and Photographic Section.
 Silk Trade Section.
 South African Section.
 Tea Dealers Section.
 Textile Trade Section.
 Timber Trade Section.
 Tobacco Trade Section.
 Toy Section.
 • Watch Trade Section.
 West African Section.
 White Lead Corroders Section.

The London Chamber of Commerce has done valuable work in promoting Commercial Education and directing the attention of teachers and the public generally to the need for the better preparation of those destined for a commercial career. Examinations are conducted annually by the Chamber, and certificates granted to qualified candidates. The lectures and classes for the teaching of higher commercial education, formerly conducted by the Chamber, have now been transferred to the City of London College. At the 1918 examinations for the Chamber's Commercial Education Certificates, the entries numbered 5,718. The examinations were conducted in 301 local centres in this country, in different parts of the Empire, and one in Germany.

Although the London Chamber of Commerce has been dealt with at some length, it must not be supposed that it is the only important chamber in the country. The detailed account of its work is given to illustrate the objects and work of chambers of commerce in general, and what applies to London applies to the provincial chambers in great measure. Chambers in large industrial districts like Manchester, Glasgow, Liverpool, etc., have a large membership, and play a very important part in the commercial life of their respective communities, one of their most useful functions being their availability for arbitration in case of commercial disputes.

The Association of British Chambers of Commerce was established in the year 1860. It at present represents 128 affiliated chambers, of which 92 are in England, 1 in Wales, 8 in Scotland, and 6 in Ireland; and, in addition, 12 British Chambers of Commerce formed in foreign countries are members. The Executive Council of the Association is composed of a president, 3 vice-presidents, 2 hon. secretaries, and about 40 other members, who meet in London once a month for the purpose of considering the various suggestions made to them by the affiliated chambers. The Association also calls together representatives of all the chambers to discuss in public meeting questions affecting the national trade, the action of Government departments, the recommendations of commissions and committees, and all the larger questions affecting industry and commerce as a whole. An annual meeting is held in March or April and quarterly meetings are held in January, July, and October.

when two or three representatives from each affiliated chamber meet in London. The annual gathering has been known for many years as the "Parliament of Commerce". The Association is being continually invited to nominate representatives on important Government inquiries, and since its formation it has always been recognised by the Government as the most authoritative and trustworthy representative of the commercial interests of the United Kingdom. At the annual meeting held in April, 1919, the subjects discussed included the income tax reform, the nationalisation of coal mines, the electricity supply, and the establishment of free ports in the British Isles.

CHAMPAGNE.—The name given to the wines produced from the vineyards of the French district of Champagne. They are usually white in colour, but there are also red varieties. Sparkling champagne is the result of special treatment during the process of fermentation, and the finest sparkling wine is produced from the first pressing. Champagne contains from 9 to 12 per cent. of alcohol, a proportion lower than that in port, but higher than that in claret. Rheims and Epernay are specially noted for sparkling champagnes, and Sillery is the centre of manufacture of the still wine. An extra dry wine is prepared for the English market, but the Continental supply is usually sweetened by the addition of a little liqueur. Light wines charged with carbonic acid gas are frequently sold as champagne, and adulteration is common.

CHAMPERTY.—Also spelled Champarty. It is an agreement or illegal bargain made between one of the parties to a suit at law and a third party, who has no interest in the litigation, under which the latter is to receive a share of the proceeds arising out of the suit if it is successful, in consideration of affording financial assistance for continuing it. Not only is such an agreement void as being against public policy (*q.v.*), in that it tends to promote speculative litigation, but it is also a misdemeanour (*q.v.*), upon conviction for which the person who is guilty of the same is liable to punishment. (See *BARRATRY*, *MAINTENANCE*.) The word is derived from the Latin *campion partiri* ("to share the field"), as the earlier disputes at law, when the offence first became known, had to do with real property.

CHANCERY DIVISION.—(See *HIGH COURT*.)

CHANG.—(See *FOREIGN WEIGHTS AND MEASURES—CHINA*.)

CHANGE OF NAME.—A child which is born in lawful wedlock takes the surname of its father. An illegitimate child is generally known by the surname of its mother, but it is always open (in normal times) to any person to alter his or her name, and no legal formality is required in effecting the change. It appears that there is no rule prescribed by English law for determining what is the true surname of a man or of an unmarried woman. This refers, however, only to ordinary surnames, and not to titles of honour or of dignity, but the change of name must not be made as a cloak of fraud. A divorced woman may retain the surname of her former husband, and in the case of the Countess Cowley (1900), the Court of Appeal refused to grant an injunction (*q.v.*) restraining the former countess from retaining the name she had acquired by her first marriage, although she afterwards married a commoner. For purposes of identity, it is advisable that a certain amount of publicity should be given to any contemplated change of

name. The usual practice is for a deed poll (*q.v.*) to be executed recording the fact, and for notice to be given to the public by advertisement. The cost incurred by such a procedure is the usual 10s. deed stamp and the charge for the advertisement. More expensive processes are the procuring of a Royal licence, or the passing of a special Act of Parliament. If the change is made by Royal licence, in accordance with the terms contained in some will or settlement, a stamp duty of £50 is payable, if the change is made voluntarily by Royal licence, the duty payable is £10.

Upon this point, so far as business names are concerned, it is necessary to bear in mind the Act passed in 1916 as to the registration of business names. (See *BUSINESS NAMES*.)

CHANGE OF NAME OF COMPANY.—As to the change of name of a joint stock company, see *MEMORANDUM OF ASSOCIATION*.

CHANNEL TUNNEL.—The idea of connecting England and France by means of a submarine tunnel was first mooted a little over a century ago by a French engineer, Mathieu, who suggested the plan to Napoleon I, when the latter found that the invasion of England by sea was an impossibility. Though nothing came of it, the invention and the progress of railways revived the idea, and many expert engineers, of both England and France, became enamoured of it. At the Paris Exhibition of 1857 a model of a proposed connection was shown, working by means of two separate tunnels, much in the same way as the present London Tubes. In 1872 the Channel Tunnel Company was formed, and strenuous efforts have been put forward at various times to overcome the hostility felt towards the scheme, especially in England, and to establish the connection. In England, the opposition has been based in the main upon military grounds, and on the last occasion, when a Bill was before the House of Commons sanctioning the construction of the tunnel (1907), a large majority on both sides of the House expressed strong disapproval of anything being done which would join the two countries in the manner suggested. In France the general opinion is quite favourable to the construction. The failure of the Bill in 1907 revived interest in the making of a Channel ferry, but this has been shown not to be very practicable under ordinary conditions. As far as cost is concerned, it is estimated that a sum of at least £16,000,000 would be required to construct the tunnel on any of the lines which have been so far proposed.

A change of opinion was created during the Great War, when the activity of the German submarines rendered the usual cross-Channel traffic a matter of extreme difficulty and danger. Moreover, the necessities of transport on a gigantic scale caused a revival of the idea of a great Channel ferry. It is too early as yet to say what may be the result of the changed nature of circumstances, but opinion is at present largely in favour of the construction.

CHARACTERS, LAW AS TO.—(See *MASTER AND SERVANT*.)

CHARCOAL.—A form of carbon usually prepared by heating wood in iron retorts until all the volatile products are driven off. Another common method of preparation is that of heating animal or vegetable substances in some closed vessel, so as to avoid contact with air—the residue being charcoal. Animal charcoal or bone black is obtained by charring bones, and is employed in sugar refining to remove the brown colour from unrefined sugar.

The purest form of charcoal is obtained by heating white sugar in a platinum vessel, and this is the method employed in the preparation of charcoal for chemical purposes. Charcoal is a black, porous, insoluble solid. Owing to its power of condensing unwholesome gases, it is much used as a disinfectant and deodorant, and as a purifier of water by means of filters. It is also largely employed as a fuel, in the manufacture of gunpowder, for crayons, and for various purposes in medicine. A brown variety is used to adulterate cocoa.

CHARGES FORWARD.—This is a term signifying that the carriage and other charges are to be paid by the buyer upon receipt of the goods.

CHARGING ORDER. Where a creditor has obtained a judgment against a debtor and either fails to secure payment of his debt by execution, or does not care to proceed in this way, he may procure an order charging any property which is shown to belong to the debtor, which is either held in his own name or in the name of a trustee for him. So long as the charge stands, the property cannot be dealt with. At the expiration of six calendar months from the date of the order, the judgment creditor may proceed to take the benefit of the charge. (See GARNISHEE ORDER.)

CHARTABLE COMPANIES. These are associations provided for by Section 19 of the Companies (Consolidation) Act, 1908, and are defined as companies "formed for the purpose of promoting art, science, religion, charity, or any other like object, not involving the acquisition of gain by the company or by its individual members." Such associations are not allowed, without the licence of the Board of Trade, to hold more than two acres of land, but they may by licence from the Board of Trade be registered with limited liability without the addition of the word "Limited" to their name. They are exempt from sending lists of members and directors and managers to the Registrar of Companies.

CHARTER.—Has is the term generally used to denote a document by which the Crown grants or confirms certain rights and privileges to a subject or a body of subjects. In some cases, as in that of the Great Charter in John's reign, the privileges are conferred upon the nation as a whole. The word also applies, however, to the formal deed by which certain rights are conferred upon a society of persons, as, for instance, the charter by which James I granted the freehold of the temple to the legal societies now in possession. The privileges of cities are conferred and confirmed by Royal charter, as are also those of certain trading companies, banks, etc. In the Norman period, legislation was carried out by means of charters. As is well known, there was no parliamentary legislation in the modern sense of the term, until the reign of Henry III.

CHARTERED ACCOUNTANT.—A person who is the holder of a certificate from the Institute of Chartered Accountants, stating that he has passed the various examinations required by that body, and is, therefore, fully competent to undertake the work usually carried on by accountants. (See ACCOUNTANT.)

CHARTERED BANK. A banking company incorporated by special Charter from the Crown. The Charter regulates the working of the company in the same way that the memorandum and articles of association regulate a company incorporated under the Companies Acts, and the liability of the stockholders in a chartered bank is fixed by the Charter.

The Bank of England was incorporated by Charter in 1694, under the authority of an Act of Parliament.

The Bank of Scotland, the Royal Bank of Scotland, and the British Union Company were incorporated by Royal Charter. In Ireland, the Bank of Ireland is the only bank which has been established by Act of Parliament.

Various Colonial Banks, which have their head offices in London, have also been incorporated by Charter from the Crown.

CHARTERED COMPANY.—(See INCORPORATED COMPANY.)

CHARTERED SECRETARY. (See SECRETARY.)

CHARTERENDS. This is a Stock Exchange term for shares in the British South African Company.

CHARTERER.—The person who hires or charters a ship, or a part of one, under a charter party (*q.v.*)

CHARTER PARTY. A charter party is an instrument by which an entire ship or some principal part thereof is let to a merchant for the conveyance of goods on a determined voyage to one or more places. No special form is necessary, and it is quite common to introduce into it any stipulations or provisions which the peculiar character of the voyage or the purposes of the parties may require. Contracts of charter party are commercially known as "voyage" or "time" charters. The latter contain more stipulations than the first class, and, being more complicated, frequently occasion much difficulty in ascertaining what the real intention of the parties to the contract was, and in determining the legal effect of the clauses. A clean charter is one supposed to be free from all commission or agency fees, and to make the freight payable without deduction for discount. All charter parties are not contracts of carriage. Sometimes the ship itself, and the control over her working and navigation, are transferred for the time being to the persons who use her. In such cases the contract is really one of letting the ship, and, subject to the express terms of the charter party, the liabilities of the shipowner and the charterer to one another are to be determined by the law which relates to the hiring of chattels, and not by reference to the liabilities of carriers and shippers. Also a charter party may be made for other purposes than the carriage of goods, for example, for passenger service or for towage and salvage. When the agreement is to carry goods which form only part of the intended cargo of the ship, the contract of affreightment as to each parcel of goods shipped may also be expressed in a charter party, but is more usually evidenced in a document called a bill of lading (*q.v.*), which serves also as a receipt by the shipowner, acknowledging that the goods have been delivered to him for a certain purpose. The charterer with whom the shipowner enters into the contract of affreightment may intend to supply the cargo himself. In that case, when the cargo is shipped, a bill of lading will almost always be signed, which is usually, while in the hands of the charterer, merely a receipt for the goods, but which may be evidence of a contract, adding to or varying the contract between them contained in the charter party. Or the charterer may intend to enter into sub-contracts of carriage with other shippers, who provide all or part of the cargo. In this case, as each shipper ships his goods, a bill of lading will be signed, evidencing a contract.

between the shipper on the one hand and, according to circumstances, the shipowner or charterer on the other. Such contract will be independent of the contract contained in the charter party, excepting so far as it expressly incorporates it.

Where a ship is completely transferred to a hirer for a period of time, and the shipowner during that time has nothing whatever to do with the appointment of her officers or crew, or with the working or management of her, the case is clearly one of letting and hiring. If one party appoints the captain and the other pays him, he is generally considered as holding the possession of the vessel for the party appointing him. Where the charterer appoints master and crew, the presumption is that they are his servants, but in this class of contract the shipowner usually appoints and pays the master and crew, whilst the charterer controls the voyages the ship is to make and the cargoes she is to carry. This condition of things has given rise to many decisions as to the responsibility of charterers and owners. Where, for a lump sum, a vessel is chartered in a fit state for mercantile adventure, and the vessel is put up by the charterer as a general ship, although the contract on the bills of lading is with the charterer, the owner is liable to a shipper in respect of a conversion of his goods by the master, especially if it appears that the owner has given instructions to the master in reference to the goods. Charter parties may not always be available for the protection of the owners of the ship, if other persons are allowed to obtain rights in ignorance of the existence of the charter party, if, for instance, third parties are permitted to ship goods on board in ignorance that the vessel is chartered, their rights will be governed by any express stipulations made with them, and by the principles of the law of agency in accordance with the apparent state of the facts and the presumptions of fact reasonably arising thereupon.

The word "charter" imports a writing. Sometimes such agreements are made by deed; but as the rule of law is that a deed executed by an agent does not bind his principal, unless authority to execute it has been conferred by deed, this course is usually to be avoided, and charter parties under such are now seldom seen. A charter party requires a sixpenny stamp. Cancellation of adhesive stamps is effected by writing the party's name or initials, or the name or initials of his firm, across the stamp, and the true date of his so doing, so that the stamp may be effectually cancelled and rendered incapable of being used again.

By Section 50 of the Stamp Act, 1891 it is provided that—

"Where a charter party is first executed out of the United Kingdom without being duly stamped, any party thereto may, within ten days after it has been first received in the United Kingdom, and before it has been executed by any person in the United Kingdom, affix thereto an adhesive stamp denoting the duty chargeable thereon, and at the same time cancel such adhesive stamp, and the instrument when so stamped shall be deemed duly stamped."

Section 51 enacts that—

"A charter party may be stamped with an impressed stamp after execution upon the following terms, that is to say: (a) Within seven days after the execution thereof, on payment of the duty, and a penalty of 4s 6d; (b) after seven

days, but within one month after the first execution thereof, on payment of the duty and a penalty of £10; and shall not in any other case be stamped with an impressed stamp."

It was held that a similar section in a previous Act did not govern an instrument wholly executed abroad, but such charter party came within the section corresponding to Section 15 (3) (a) of the Stamp Act, 1891, which enacts that—

"Any unstamped or insufficiently stamped instrument which has been first executed at any place out of the United Kingdom may be stamped at any time within thirty days after it has been first received in the United Kingdom, on payment of the unpaid duty only."

It lies upon the party objecting to secondary evidence of the contents of a lost document to show that it was not stamped. A charter party which has not been duly stamped cannot be given in evidence in a court of law, if it has been executed in any part of the United Kingdom, or if it relates "to any property situate, or to any matter or thing done or to be done, in any part of the United Kingdom."

If an agent is desirous of protecting himself from liability on the charter party, he ought to contract in the name of his principal, and sign in the name, or *per procuration* of the same. "On account of" in the body, and at the end of the name of the agent, simply, is held sufficient to protect him from liability. An agent at a foreign port to whom a ship is addressed for loading under a charter party, has no implied authority to vary the contract by substituting another and a distant port of loading, or a different quality or description of cargo.

After a charter party is signed, any material alteration or addition to it by a party or his agent will make it null and void, though the alteration was made without any fraudulent design; and the rule is the same though the alteration is made by a stranger. A charter party is usually effected through the intervention of a shipbroker, and the ordinary course is for the document signed by the parties to be kept by the broker, who gives out certified copies of it as may be required. They have no authority beyond their specific instructions in each particular case. Loading brokers, who habitually procure cargoes for vessels on the berth for a certain port or trade, have power to make engagements to carry goods in the ship they load. They collect the freight on the engagements they have made, when such freight is payable at the port of loading, and they frequently supervise the stowage of the ship, though they do not accept responsibility to the shipowner for such stowage. A broker, being personally confided in, cannot ordinarily delegate his authority to a sub-agent, or clerk under him, or to any other person. His authority, therefore, to delegate it, if it exists at all, must arise from an express or an implied assent of the principal thereto. The actual earning of freight under a charter party is not a condition precedent to the right of the shipbroker to his commission for procuring the execution of the charter. Forms of contract known as "berth notes" are sometimes used by ship brokers. They vary in form very much, but they are intended by the brokers to free them from liability for freight and demurrage, while giving them the right to engage cargo for the ship at a profit.

Representations in a Charter Party. Properly

speaking, a representation is a statement or assertion by one party to the other, before or at the time of the contract, of some matter or circumstance relating to it. A representation may not only be a warranty that the fact is as represented, so as to make the shipowner liable in damages for a failure to satisfy it, but it may also amount to a condition precedent to the charterer's obligation to load. The fact represented may be so material to him that that obligation will become a substantially different thing from what he meant to undertake, if it prove untrue. In that case he will, on discovering the truth, be at liberty to refuse to load. A condition is a term of an agreement, the non-fulfilment of which gives the party for whose benefit it was inserted the right to repudiate the agreement. A warranty is a term of an agreement, the non-fulfilment of which gives the party for whose benefit it was inserted a cause of action but not a right to repudiate the agreement. A statement in a charter party as to the place where the vessel is lying is a condition precedent, so also is a statement as to the time when the vessel sailed. It depends upon the circumstances under which, and the manner in which, the contract is made, whether the statement of the ship's measurement in the charter party amounts to a promise and to a condition precedent. If the misdescription is very gross, it may be evidence of fraud. If the shipowner wrongly states the capacity of the ship for a particular cargo, it is a misdescription which may be very material to the charterer's calculations, and, if he is so minded, he may repudiate the contract entirely, provided it has not been partially executed in his favour, but a mere statement of the vessel's measured tonnage does not definitely indicate her carrying capacity, and a mistake in stating it may not always be material. A statement in a charter party, under which the charterer is bound to load a full and complete cargo of the capacity of the ship, is a representation merely and not a warranty. Undertakings in a charter party that a vessel shall sail with all convenient speed, or shall sail within a reasonable time, or shall sail within the first favourable wind, are warranties. In every agreement to carry goods in a ship, whether that agreement is a charter party or bill of lading, or in any other form, there is, in the absence of any express provisions to the contrary, implied (if it is not expressed) an undertaking that the ship shall be fit for the purpose, that is, be seaworthy. Where a particular cargo has been named in a charter party, it is an implied condition that the ship shall be reasonably fit to carry it. It is an implied provision of a charter party or bill of lading that, if the further prosecution of the voyage is prevented by an excepted cause, the shipowner will do his best to protect the interest of the owner of the goods. Therefore, if he cannot, or does not, choose to tranship the goods and send them on in another vessel in order to earn the freight, he must, if the circumstances will admit of it, find another vessel and forward them to their destination.

Where there is no express agreement as to time, it is an implied stipulation that there shall be no unreasonable or unusual delay in commencing the voyage, and, after it has been commenced, no deviation. Where a charter party definitely fixes a time before which the ship is to sail for the port of loading, or by which she is to arrive there, the stipulation is of the essence of the contract, and the charterer, if he cannot have the use of the vessel

for the specified voyage, is not bound to take her for any other voyage. So in a time charter, if the charterer cannot have the vessel for the specified time, he is not bound to take her for a shorter time, or a substantially different time, but may throw up the charter, and the shipowner becomes liable for damages. Where the loading port is not named in the charter party, but remains to be determined by the charterer, he must, subject to special agreement, name it before he can require the ship to sail. Where a loading port has to be named under a charter for a full cargo, the charterer must name a place where a full cargo can be safely taken. If the charterer delays unreasonably in naming the port, he will be liable for the shipowner's loss by the detention of the ship. The statement in a charter party that the vessel is to arrive at a named port ready to load by a certain date is a condition precedent, the non-fulfilment of which entitles the charterer to exercise the option of cancelling the charter party, and the clause, excepting dangers and accidents of the seas, applies only to the voyage. A charterer, however, is not generally entitled to refuse to load because the shipowner neglects to proceed to the port with diligence, unless the delay frustrates the intended adventure. The decisions do not appear to be all reconcilable, and the judges do not seem to be quite unanimous as to what delay will excuse the charterer. If the charter party is silent as to ballast, it is an implied term that the shipowner shall put on board what ballast is required for the cargo loaded. The shipowner may ship merchandise (e.g., ore) as ballast, receiving freight for it, provided it occupies no greater space than ordinary ballast would have done.

Damages. If the whole agreed period for loading has expired, and no cargo has been provided, or if before any demurrage has been incurred there has been a definite refusal by the charterer to supply a cargo, and the shipowner still chooses to keep the ship at the port, he will do so at his own risk, and will not be entitled to additional damages for the subsequent detention. Nor can damages be claimed for detention of a ship for harbour dues payable by the consignee, the master having delayed to pay them, his duty is to pay them without delay, and recover them from the consignee. If the shipowner does not provide a ship as agreed, the charterer may generally procure another ship, and may claim the consequent increase of costs as damages from the shipowner, but he must act reasonably. If a charterer fails to load a ship, the master is bound to do what is reasonable to minimise the loss, and the same rule applies to the charterer where the shipowner fails to carry out his contract. A shipowner is entitled to be paid a lump freight, without any deduction for a loss of part of the cargo occurring during the voyage. If an entire ship is hired, and the burden thereof expressed in the charter party, and the merchant covenants to pay a certain sum for every ton, etc., of goods which he loads on board, but does not covenant to furnish a complete loading, the owners can only demand payment for the quantity of goods actually shipped. Where the charter party contains a penalty, which is not liquidated damages, a larger sum than the penalty may be obtained by suing, not for it, but for damages for breach of contract. Where it is doubtful from the terms of the contract whether the parties meant that the sum should be a penalty or liquidated damages, the inclination of the court will be to view it as a penalty; but the mere largeness of

the amount fixed will not, *per se*, be sufficient reason for holding it to be so. In considering whether a stipulation to pay a sum of money on breach of condition is to be treated as a penalty or as liquidated damages, the test appears to be, whether the loss which will accrue to the plaintiff from an infringement of the contract (an, or cannot, be accurately or reasonably calculated in money antecedently to the breach. If it can be so calculated, then the fixing of a larger sum of money will be treated as a penalty. Where the loss is absolutely uncertain, it will be treated as liquidated damages.

Form of Charter Party. The forms of charter parties vary considerably, certain trades having forms which are peculiar to themselves. The main clauses, however, will be found in the inset which is given as a specimen. Cases connected with charter parties are of very frequent occurrence in the courts, especially the Commercial Court (*q.v.*), but in nearly every case the decision turns upon the interpretation to be given to the wording of some special clause or clauses.

CHARTS IN BUSINESS. (See DIAGRAMS AND CHARTS.)

CHARTREUSE.—A choice liqueur, originally manufactured in the monastery of the Grande Chartreuse, near Grenoble, in the south of France. It is now made by the Carthusian monks in Spain. There are two well-known varieties, viz., yellow and green. The liqueur is made by a secret process from mixed spirits and cordials. It has a formidable competitor in Benedictine (*q.v.*).

CHATTEL.—This word is a modern form of the word "cattle." Cattle at one time performed the function of money. Chattels include cattle, implements, money, debts, rights of action to goods, etc. Blackstone says: "For it is to be understood that in our law, chattels (or goods and chattels) is a term used to express any kind of property which, having regard either to subject matter, or the quantity of interest therein, is not freehold."

The Bills of Sale Act, 1878 (Sect. 4), defines personal chattels as follows:—

"The expression 'personal chattels' shall mean goods, furniture, and other articles capable of complete transfer by delivery, and (when separately assigned or charged) fixtures and growing crops, but shall not include chattel interests in real estate, nor fixtures (except trade machinery as hereinafter defined), when assigned together with a freehold or leasehold interest in any land or building to which they are affixed, nor growing crops when assigned together with any interest in the land on which they grow, nor shares or interests in the stock, funds, or securities of any government, or in the capital or property of incorporated or joint stock companies, nor choses in action, nor any stock or produce upon any farm or lands which by virtue of any covenant or agreement or of the custom of the country ought not to be removed from any farm where the same are at the time of making or giving of such bill of sale."

By Section 5—

"Trade machinery shall, for the purposes of this Act, be deemed to be personal chattels and any mode of disposition of trade machinery by the owner thereof which would be a bill of sale as to any other personal chattels shall be deemed to be a bill of sale within the meaning of this Act."

CHEAP MONEY.—Money is said to be "cheap" when the floating supply of gold is very plentiful, and the bank rate of interest is low, so that loans on marketable securities (*q.v.*) are easily obtainable at a low rate of interest. (Compare DEAR MONEY.)

CHEAP TRAINS.—The Parliament of the seventh and eighth years of Queen Victoria (1844) enacted that it was expedient to secure to the poorer class of travellers the means of travelling by railway at moderate fares, and in carriages in which they might be protected from the weather. (At that period people who travelled at the cheapest rates had to make their journeys in uncovered trucks without seats.) Railway companies were required to provide third-class carriages on, at least, one train every week day, travelling each way between fixed termini, all over their systems. The train was to proceed at not less than 12 miles an hour, to stop at every station, and the charge for third-class passengers was to be 1d. a mile. This was known as the Parliamentary train, and gave rise to the expression: "Are you going Parliamentary?"

In 1883 the Cheap Trains Act was passed, it provided that the duty charged on passenger fares of 1d. per mile should be abolished, but that the charge of 1d. a mile should remain, and that where the Board of Trade considered that a railway company was not providing sufficient third-class accommodation, or sufficient trains for workmen at a reasonable fare, the Board had power to compel the companies to make the necessary reform. If an order is made upon the railway company, power is given to the company to appeal to the Railway Commissioners.

The fare for a child aged between three and twelve is half an adult's fare, children under three are conveyed free. The King's sailors and soldiers and the police are to be conveyed on terms to be agreed between the railway company and the public authority, or upon the following terms: Less than 150 persons, three-quarters of a single fare for each person; more than 150, three-quarters of a single fare for each of the first 150 persons, beyond that number, half the single fare for each person. This applies to the wives, widows, and children also of the respective forces.

Workmen's tickets are issued by railway companies at a special rate, and the charge is even more reasonable than the fares of the Cheap Trains Act might have dared to hope for. Under the Metropolitan District Railway Act, 1893, workmen's tickets are to be issued at the following rates: Four miles or less, 1d.; 6 miles, 1½d.; 8 miles, 2d.; 10 miles, 2½d.; 12 miles, 3d.; exceeding 12 miles, ½d. for every 2 miles. Nearly all other railways make special terms to workmen in the same way, the particulars of which must be obtained from the respective companies. Subject to any special conditions which may be imposed, a passenger may travel with a workman's ticket in the early morning by the trains which the companies indicate, and may come home by any ordinary train in the evening.

During the period of the Great War, 1914-18, various regulations were introduced which altered the normal conditions to a very considerable extent. In almost every case fares were advanced, in most cases as much as 50 per cent. As is well known the Government took over the control of the railways for the time being, and it is, at the date of writing, uncertain when that control will cease, if it does cease, seeing the strong feeling

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LONDON, Jan. 8th, 1891

IT IS THIS DAY MUTUALLY AGREED BETWEEN Morning Steamship Co., Ltd., of the good Steam Ship called the "Sunrise" of the measurement of 1,500 Tons Register, 2,700 Tons dead weight cargo capacity guaranteed; classed 100 A 1 Lloyd's equal thereto, now lying at Valencia and Jones Jones & Co., of Liverpool Charterers THAT the said Steamer being tight, staunch, and strong, and in every way fitted for the service shall with all convenient speed, sail and proceed to Liverpool and Glasgow or so near thereunto as she may safely get, and there load, always afloat, from the Factors of the said Affreighters, a full and complete cargo, consisting of lawful merchandise, which the said Affreighters bind themselves to ship, not exceeding what she can reasonably stow, trim, lash, dunnage, secure, tally, discharge, tally, receive, discharge, tally, carry over and above her Tackle, Apparel, Provisions, and Furniture; and being so loaded shall therewith proceed as ordered on signing Bills of Lading to

or so near thereunto as she may safely get, and deliver the same, always afloat, on being paid Freight as follows :—

being in full of all Port Charges and Pilotage as customary.

- 1.—The Freight to be paid at Port of Discharge on unloading and true delivery of the Cargo in Cash at current rate of exchange.
- 2.—As much Cash as Master may require for Ship's ordinary disbursements at Port of Loading not exceeding £30 to be advanced (if required), subject to 3 per cent. for Interest and Insurance.
- 3.—Merchants have the full range of Vessel's holds, including cross and half-deck bunks, if any, and right of shipping Cargo on deck (at their risk), in so far as compatible with Steamer's seaworthiness.
- 4.— *Five* days, Sundays, and holidays excepted, are to be allowed the said Merchant (if Ship be not sooner despatched, Charterers having liberty to load up to midnight) for loading and discharging, but time occupied in shifting ports not to count, and *two* days on demurrage over and above the said laying days at *three* pence per nett register ton per day. Lay days in each port to count from Captain's notice of readiness for loading and discharging. Charterers to have option of loading and discharging on Sundays and holidays, such days to count as lay days for time actually occupied.
- 5.—The Act of God, perils of the sea, fire on board, in hulk or craft, or on shore, barratry of the Master and Crew, enemies, pirates, and thieves, arrests and restraints of princes, rulers, people, collisions, stranding, and other accidents of navigation, excepted, even when occasioned by negligence, default or error in judgment of the Pilot, Master, Mariners, or other servants of Shipowners. Not answerable for any loss or damage arising from explosion, bursting of boilers, breakage of shafts, or any latent defect in the machinery or hull, not resulting from want of diligence by the Owners of the Ship, or any of them, or by the Ship's Husband or Manager.
- 6.—The Ship has liberty to call at any ports in any order, to sail without Pilots, to tow and assist vessels in distress, and to deviate for the purpose of saving life or property.
- 7.—The Cargo to be brought to and taken from alongside the Ship at Merchants' risk and expense.
- 8.—The Captain to sign Bills of Lading as presented, if in accordance with Mate's receipts and at any rate of Freight, without prejudice or reference to this Charter-Party, if not at variance therewith, the owners having a lien on the Cargo for Freight, Dead Freight, and Demurrage. Should

total Freight shown by Bills of Lading amount to less than the Freight stipulated by this Charter, the difference to be paid to Captain before sailing, and should the Freight shown by Bills of Lading amount to more than the Freight stipulated by this Charter, the difference to be paid before sailing by Charterers by Captain's Draft on Owners, payable 48 hours after arrival at discharging port.

—The Captain to telegraph arrival at outward discharging port to Owners at Newcastle and to telegraph them his departure for loading port.

3.—Steamer not answerable for leakage or breakage, unless occasioned by bad stowage of

1.—Lay days not to commence before the 25th day of March, 19...
should Steamer not arrive and be ready to load at first loading port on or before 5th day
Charterers to have the option of cancelling this Charter.

2.—Any difference respecting the interpretation of this Charter to be settled in accordance with the custom of the port where it arises.

3.— Five per cent. Address Commission is payable to Charterers at port of loading. Vessel addressed at ports of loading and discharge to Charterers or their Agents, paying the customary or transacting Steamer's business, and to employ Charterers' stevedores for loading and discharging at not exceeding customary rates. Charterers to have the use of Steamer's winches, Captain employing necessary men and coals to work same.

4.— Five per cent. Brokerage on the amount of Freight is due by the Ship on the signing of bill of lading to
ship lost or not lost.

5.—Penalty for non-performance of this Agreement, estimated amount of damages.

Morning Steamship Co., Ltd.,
A. Coxon, Managing Director.

Witness to the Signature of M. S. S. Co.,

A. H. Green.
of Jones Jones & Co. pp. Jones Jones & Co.
Wm. Hughes. Hughes Jones.

that exists amongst a part of the population for the nationalisation of British industries.

CHEATING.—(See FRAUD.)

***CHECK-FIGURE SYSTEM.**—A check figure system is a method used in checking the postings to a ledger or other book of account in order to test the accuracy of the postings on completion, or the addition of the page of the cash book or journal from which the postings are made, and to facilitate the location of any error that may have occurred. There are several such systems in use, but what may be called the "13 system" will be found to be as good as any. Two methods of arriving at the check-figure of an amount of £ s. d. are given below—

(a) Divide the pounds by 13 to arrive at the remainder.

(b) Call the remainder shillings and add half that number of shillings to the shillings and pence of the amount being checked. If the remainder is an odd number, add 13 before dividing by two.

(c) Subtract the pence from the shillings. If the shillings are less than the pence, add 13 before this operation. The remainder will then give the check figure required.

Examples. Find the check-figure of £207 10s 11d

207 ÷ 13 leaves 12 over.

12 ÷ 2 = 6

6s + 10s 11d = 16s. 11d

16 + 11 = 5 = check figure

Find the check figure of £18 1s 11d

18 ÷ 13 leaves 5 over.

(5 + 13) ÷ 2 = 9

9s + 1s 11d = 10s 11d

(10 + 13) + 11 = 12 = check figure

The next method differs only in the manner of dealing with the remainder of the pounds, e.g., to find the check of £37 3s 5d, proceed as follows—

37 ÷ 13 leaves 11 over

Call this remainder shillings and divide by two—

11s ÷ 2 = 5s 6d

5s 6d + 3s 5d = 8s 11d

Subtract the pence from the shillings as before, adding 13 to the shillings if the number of the pence is greater.

13 + 8 = 21 - 11 = 10 = check figure

To put this system into operation in posting from say, a cash book to a ledger, the check figure is ascertained from the amount posted in the ledger, and noted near the folio column. It is then copied into the cash book in a similar position. When the postings on the cash book page are complete, the checks are totalled, divided by 13, and the remainder should equal the check of the total of the cash column. If it does not, either the addition of the cash book is wrong or an item has been wrongly posted. Presuming the cash book total is correct, the check figure of each item must now be tested. If any one is found to be wrong, the errors in posting, or, at any rate, one of them, will have been discovered—presuming, of course, that the correct check-figure was ascertained when the posting to the ledger was made—for it must be remembered that the checks were worked out from the ledger and not from the cash book items.

The following will illustrate the manner in which the check on the total of a cash book page would be made—

£ s. d.	Check-figure
27 : 1 : 11	10
326 : 5 : 8	4
291 : 7 : 6	5
15 : 4 : 9	9
30 : 2 : 1	3
— — — — — check —	
693 : 1 : 11 figure 5	31 : 13 leaves 5

CHECKING RAILWAY CHARGES.—(See RAILWAY CHARGES, CHECKING.)

CHEESE.—The valuable article of food made from compressed and partially dried curd of milk. There are many kinds of cheeses, and the process of manufacture varies in different localities, but the main principle is the same. The milk is heated and fermented by the addition of rennet. The gelatinous resulting product is known as curd, and great care is required to retain the fatty matter, while draining off the whey or watery part of the milk. The curd is broken up into slabs and left to ripen. It is then salted and turned into the required shape, and is afterwards pressed and dried in a well-ventilated room. Annatto is frequently used for colouring purposes. The richest cheeses—Cheshire, Cheddar, Gloucester, and Somerset—are made from new or whole milk, and Stilton contains cream in addition. Cheese-making has now become a trade requiring huge factories. England imports hundreds of tons annually, mainly from America. The best known foreign varieties are Gruyère (a Swiss cheese), Camembert, Gorgonzola, Blue, Roquefort, and Dutch.

CHEMISTS AND DRUGGISTS.—The charter of the Pharmaceutical Society of Great Britain was altered and confirmed by Act of Parliament in 1852. It is the duty of the Registrar of the Society to keep a correct register of all members, associates, apprentices, and students, and all such persons shall be registered accordingly as members, associates, apprentices, or students of the Pharmaceutical Society of Great Britain. No person may call himself a pharmaceutical chemist unless he is duly registered; the penalty for disobedience is £5. (The word "pharmaceutical" is derived from a Greek word, *pharmakon*, which means drug, poison, medicine.) The use of a false certificate is a crime. A further Act was passed in 1868, which enacted that no person shall keep a shop for selling poisons unless such person is a registered chemist and druggist. Only persons who have been examined by the examiners of the Pharmaceutical Society, appointed under the Pharmacy Act, and have received a certificate of competent skill, shall be entitled to be registered as chemists and druggists. Notice of the death of a pharmaceutical chemist, or of a chemist and druggist, must be given to the Registrar.

It shall be unlawful to sell any poisons, either by wholesale or by retail, unless the box, bottle, vessel, wrapper, or cover is distinctly labelled with the name of the article and the word "poison." Full particulars of every sale must be entered in a book: The date of sale, the name and address of the purchaser, the name and quantity of the article sold, for what purpose required, and the signature of the purchaser. Penalty for disobedience, maximum, £5.

By the Juries Act, 1870, all registered pharmaceutical chemists, if actually practising as such, shall be exempt from serving upon any juries or inquests whatsoever.

The Pharmacy Acts were amended in 1898, and in 1908, under which apprentices or students are to be called "student associates" of the Society, and every person who is registered as a chemist and druggist shall be eligible to be elected as a "member" of the Society. In the case of poisonous substances used exclusively in agriculture or horticulture, for the destruction of insects, fungi, or bacteria, or as sheep dips or weed killers, such things may be sold by a person who is not a registered chemist and druggist, but such person must be duly licensed by a local authority.

Any person who is carrying on business as a duly registered pharmaceutical chemist, or chemist and druggist, must have his name and certificate of qualification conspicuously exhibited on his premises. In the event of the death of a properly qualified chemist, his executor, administrator, or trustee, may continue to carry on the business, so long as the same is conducted by a duly qualified assistant. This assistant must be a duly registered pharmaceutical chemist, or chemist and druggist, and his name and certificate must be exhibited as above described. A registered chemist and druggist may exhibit the name or title of "pharmacist."

A body corporate (limited company), and, in Scotland, a firm or partnership, may carry on the business of a pharmaceutical chemist or chemist and druggist, but the sale of poisons must be under the control of a duly registered chemist, whose name must have been sent to the Registrar appointed under the Pharmacy Act, 1852. The name of the duly registered pharmaceutical chemist, or chemist and druggist, must be conspicuously exhibited in the shop.

The by-law which the Pharmaceutical Society are empowered to make shall include: (a) The right to require that persons presenting themselves for examination by the Society must show that they have received a sufficient preliminary practical training; (b) provision for the registration, without examination, of persons holding Colonial diplomas, or of qualified military dispensers, or certified assistants to apothecaries; (c) provision for the time and courses of study for the qualifying examination, and for its division into two parts.

The box, bottle, vessel, wrapper, or cover in which the undermentioned articles are contained and sold must be distinctly labelled with the word "Poisonous," together with the name of the substance and the name and address of the seller: Sulphuric acid, nitric acid, Hydrochloric acid, and soluble salts of oxalic acid. Orders in Council may add to this list.

CHEMICA. — (See FOREIGN WEIGHTS AND MEASURES—PERSIA).

CHEQUE.— *Preliminary.* (Formerly written "check.") A well-known writer says: "The word is derived from the French *écheques*, chess. The chequers placed at the doors of public-houses are intended to represent chess-boards, and originally denoted that the game of chess was played in those houses. Similar tables were employed in reckoning money, and hence came the expression 'to check an account', and the Government office where the public accounts were kept was always called the Exchequer." Another explanation is that the word "check" arose from the consecutive numbers which were placed upon the forms to act as a check or a means of verification. In the United States the word "check" is used at the present day.

History of Cheques. When money was originally

deposited with the goldsmiths, who were the forerunners of the bankers, a note was given to the depositor by way of acknowledgment, but there arose very early a practice for the depositor to withdraw a part of his deposit by means of written or verbal instructions that his account should be debited with the amount required by him. There are some interesting specimens of such orders in the possession of Messrs. Child & Co., of which the two following are examples—

Dec. 11, 1680.

Received of Sir Francis Child £73 1s 2d, being the balance of my account to this day. I saw
£73 1s 2d

Ellen Gwyn

Witness,

J. A. Boothby.

Mr. Rogers pray paye Fifty guineas to the bearer and place it to my account.

Cleveland

April 12, 1689.

In the course of time, a common form of order came into use, somewhat like the old order, and eventually the modern well-known form of cheque was introduced about 1780.

Definition. The definition of a cheque is given in Section 73 of the Bills of Exchange Act of 1882, where it is described as "a bill of exchange drawn on a banker, payable on demand." The Section then proceeds—

"Except as otherwise provided in this part (that is, Part III of the Act), the provisions of this Act applicable to a bill of exchange payable on demand apply to a cheque" (See BILL OF EXCHANGE.)

Form of Cheque. A banker generally supplies cheque books to his customers, and the form is usually as follows:

London, Oct 1st, 19

To the Bank of England, Limited

Pay William Smith or order (or bearer) *£1*
three hundred and five pounds ten shillings
and sixpence
£305 10s 6d

Joseph Simpson.

The stamp duty upon a cheque was increased from 1d. to 2d. as from the 1st September, 1918, by the Finance Act, 1918.

The difference between "order" and "bearer" cheques will be noticed hereafter. Unless otherwise stated, all the rules set forth in this article only refer to "open" cheques (*q.v.*)

Bills of Exchange and Cheques Compared. Although the general rules governing bills of exchange are applicable to cheques, there are a few particular points of difference which require special notice—

(1) A bill of exchange must be accepted before the acceptor is liable upon it. A cheque is never accepted by a banker, and, therefore, the banker is never liable to the holder of the cheque for refusing payment of it. If there is any remedy at all, it is one for breach of contract between the customer and his banker. The cheque is an order to pay and not an assignment of a sum of money.

(2) A bill must be duly presented for acceptance and payment, or the drawer will be discharged. The drawer of a cheque is not discharged by delay in presenting it for payment, unless, through the delay, the position of the drawer has been injured

by the failure of the bank, when he had sufficient money deposited to meet the amount of the cheque. In such a case the holder must prove for the amount of the cheque in the winding-up or the bankruptcy of the bank. The drawer is discharged owing to the delay of the payee.

(3) No notice of dishonour is necessary if a cheque is not met; want of assets is a sufficient notice.

(4) Days of grace (*q.v.*) never apply to cheques.

(5) The banker upon whom a cheque is drawn is protected if he pays the cheque under a forged endorsement.

(6) The drawer of the cheque is the person primarily liable upon it.

Presentment for Payment. To claim the protection noted in (2) above, of resorting to the drawer in case a cheque is not met, certain points must be carefully noted. At common law the mere omission to present a cheque for payment did not discharge the drawer until six years had elapsed—the period allowed by the Statute of Limitations (*q.v.*), but now if a payee does not present a cheque within a reasonable time, and the drawer had the right at the time of such presentment as between him and the banker to have the cheque paid and suffers actual damage through the delay, he is discharged to the extent of such damage. What is a reasonable time depends upon the facts of each particular case. Generally speaking, however, a cheque is considered to have been presented within a reasonable time when it has been presented in accordance with the following rules:—(a) If the person who receives the cheque and the banker upon whom it is drawn are in the same place, the cheque should, in the absence of special circumstances, be presented for payment on the day after it has been received; (b) if the person who receives the cheque, and the banker on whom it is drawn are in different places, the cheque must, in the absence of special circumstances, be forwarded for presentation on the day after it is received, and the agent to whom it is forwarded for presentation must present it on the day after its receipt by him; (c) in the computation of time, non-business days are excluded. In spite of the stringency of these rules, however, a reasonable time may still be inferred, though these periods are much exceeded, and it is presumed that when a cheque is crossed, any delay caused by presenting the cheque pursuant to the crossing is excused.

An illustration of the effect of what has just been stated may be given by the following example: A cheque is drawn for £50 upon a banker. The cheque is not presented within a reasonable time. Shortly afterwards the banker fails. The drawer had at the time when he drew the cheque, or when it could be presented, and for a reasonable period after, a sum of £50 or more standing to his credit in the books of the bank. The drawer is discharged by the delay in presentment, and the holder of the cheque must prove for the £50 in the bankruptcy of the bank. If the drawer had not sufficient funds to meet the cheque, if presented, he is not discharged. If the drawer was allowed to overdraw at the bank to such an extent that the amount of his balance would have been at least £50, the drawer would still be discharged by the delay in presentment if the bank failed, but the holder could not prove in the bankruptcy. This shows the necessity of expedition in dealing with negotiable instruments.

Stale Cheques. Although a debt is not extinguished

by delay in presenting a cheque, unless the claim is barred by the six years allowed by the Statute of Limitations, it is the custom of bankers not to pay cheques which are presented after a certain period has elapsed since their ostensible date of issue. With some banks the period is six months, whilst with others it is twelve months. It is not very obvious how the banks are justified in their action, and it would not be easy, owing to the difference of the time allowed, for the custom to be set up as a custom of bankers.

It is now necessary to examine the different parts of the definition of a bill of exchange, and to point out their application to cheques.

Unconditional Order in Writing. A cheque is an unconditional order in writing. Little difficulty can arise as to the writing, and as cheque books are issued by bankers to their customers, there is rarely any question as to the form of cheques. It sometimes happens that customers who have not their cheque books in their possession make use of ordinary note paper, and write out what is intended to be a cheque. In such cases the greatest care is needed in drawing what purports to be a cheque, as it may turn out that the document is irregular and incomplete in various respects. A banker should always scrutinise such a cheque very closely. The Bank of England will not pay cheques which are drawn otherwise than upon the forms supplied by the bank itself. A difficulty may arise about the stamp. It is a common mistake to suppose that if a cheque is issued unstamped, any holder may affix an adhesive stamp to the document and afterwards cancel the stamp. This is not so. The Stamp Act of 1891 provides expressly that the duty may be denoted by an adhesive stamp, but that the stamp is to be cancelled by the person by whom the cheque is signed, before he delivers it out of his hands, custody, or power. Cheques were formerly exempt from stamp duty, but it was necessary that they should be issued within 15 miles of the bank upon which they were drawn. The enactments as to this exemption, however, have been long repealed, and a stamp of 2d is the duty imposed upon every cheque. The order in writing must be unconditional. A difficulty does not often arise in this respect in the case of cheques, but it may do so where a person or a firm has a special form of cheque printed for use in business.

Drawer and Drawee. The drawer is the banker, and is always designated in the ordinary form of cheque. If the cheque is written out on ordinary paper, care must be taken not to leave him indefinite. The drawer is the person who gives the order to the banker. He may be a person or a body of persons, just as in the case of a bill of exchange, and a cheque may be drawn by a person who has not capacity to contract, as an infant or a corporation, if the banker upon whom the cheque is drawn has funds in his hands to meet it, but if the banker fails to honour it, or if the cheque is stopped, the holder has no right of recourse against the drawer, and, in the case of an infant, there is no remedy at all on the cheque, even though it is given as the price of necessities. This point is fully dealt with in the article dealing with the capacity of parties to bills of exchange (*q.v.*) and the same rules are entirely applicable to cheques. At the same time, it may also be pointed out, and the same rule applies to bills, that where the payee or any indorsee of a

cheque is an infant or a corporation, the indorsement of either passes the property in the cheque, so that the indorsee or the transferee may sue the drawer or the other indorsees, who have capacity to contract, although neither the infant nor the corporation can ever be liable as indorser. An agent may sign on behalf of the drawer if he has received full authority to do so, but the bank must know of the authority, otherwise it will refuse to honour the cheques drawn by any person other than the customer.

Account of Minor. It is not uncommon for a banker to have an account with a minor, and there has been considerable discussion as to the position of the former when he has allowed the latter to open a current account at his bank. It has been argued that an infant can neither draw a valid cheque nor give an effective discharge to his banker for sums of money advanced upon cheques drawn by the infant. It seems that each of these arguments is incorrect, though there are no legal decisions setting out the law quite clearly. The banker must, however, be careful in his dealings with an infant. So long as there is a credit on the right side, and no difficulties have arisen owing to such irregularities as forgeries, unauthorised signatures, etc., it is hardly possible to conceive what claim an infant could set up against the banker. But if the banker allows the infant to have an overdraft, he cannot recover the amount of it from the infant. The overdraft is money lent, and the infant is protected by statute. In addition to this, any security given by an infant for such overdraft is null and void.

Payment of Money on Demand. The order is to pay on demand, and, of course, there are no days of grace. The payment must be in money, and money only, and the sum must be certain. A cheque may be drawn for any amount, however large or small, though bankers do not deal with fractions of a penny. The sum is denoted in words in the body of the cheque, and in figures in some other part, generally the bottom left-hand corner. As in the case of bills, if there is a discrepancy between the two, the words govern the instrument, so that if a cheque is drawn for "Twenty pounds five shillings and nine pence," and the figures are 18 4s 7d, the former is the amount payable. As the stamp is uniformly 2d, this does not affect the matter. It is the usual custom, however, for a banker to return a cheque which shows a discrepancy, marked "body and figures differ."

The Payee. A cheque must be an order for payment to, or to the order of, a specified person or to bearer. This person is called the payee. If he is specially designated, and the cheque is payable to him or to his order, the payee must indorse the cheque, in order either to obtain payment from the banker upon whom it is drawn, or to negotiate it. In every other case the cheque is payable to bearer. It is well known that in the forms of cheques issued by bankers, payment is directed to be made "to order" or "to bearer." The latter never require indorsement by the holder in order to pass the property in them, nor do the former, unless the payee is distinctly identified. (See FICTITIOUS PAYEE, PAYEE.)

Order and Bearer. Very few words are necessary to indicate the difference between cheques which are payable to order and those which are payable to bearer, when they get into circulation, and before

they are presented to the banker upon whom they are drawn for payment. Order cheques must be indorsed in the first instance by the payee; bearer cheques need no indorsement. An order cheque which is simply indorsed by the payee becomes a cheque payable to bearer. Thus, if a cheque is drawn "Pay A B," or "Pay A B or order," and A B indorses it, which he must do before he can transfer it, the cheque becomes one payable to bearer, but if A B indorses it, and above his signature writes, or authorises to be written, some such words as "Pay C D," or "Pay C D, or order," the cheque remains a cheque payable to order, and C D must indorse it, and, in turn, C D, or any subsequent holder, can make the cheque payable to bearer or to order in the same way, when he indorses it. And just as an indorser is able to convert an order cheque into a bearer cheque by simply indorsing it, so the holder himself is able to convert a bearer cheque into an order cheque by writing above the signature of the previous indorser words indicating that the cheque is to be paid to him, the holder, or his order. A cheque which is indorsed and made payable to a specified person or his order, whether by the payee or any subsequent indorser, is said to be specially indorsed, whereas when there is the mere signature of the payee or an indorser, it is said to be indorsed in blank. The rules as to special indorsements and indorsements in blank are the same for cheques as for bills. (See INDORSEMENT.) If a cheque is made payable to A B only, or to A B, and declared not to be transferable, no other person than A B can claim the amount, and he should be in a position to establish his identity when he indorses it, and presents it for payment. All the rules applicable to bills which are made payable to one or more persons jointly or to one or some of several, or to the holder of a particular office, are equally applicable in the case of cheques, and the requirements as to indorsement, etc., by them are exactly the same.

Presentment. A cheque must be presented for payment before the drawer can be sued upon it. The term of the cheque being generally settled by the banker himself, little difficulty will be likely to occur in that respect, but the amount of the cheque will not be paid over the counter of the bank if the cheque is crossed (*infra*), nor will payment be made if the date has not arrived. But if the cheque is signed by the drawer, if it is not crossed, if the date is already past or is the day of presentment, if the cheque is payable to order, and is indorsed with the name of the payee, and if the banker has a balance in hand to the credit of the drawer sufficient to meet the whole amount of the cheque, the person who presents the cheque is entitled to receive payment of the same, and the banker who neglects to honour the drafts of his customer is liable to an action for damages at the suit of his customer; but a banker is not liable if his customer pays in an amount to meet the cheque so short a time before its presentment that he is unaware of its receipt. The banker is also liable to the customer if he has allowed him an overdraft to such an extent that there is still a sufficient sum left to meet the cheque when it is presented; but, as has been stated above, there is no liability resting upon the banker so far as the person who presents the cheque for payment is concerned. The remedy of the holder of the cheque is against the drawer and any indorsers, if the cheque has been indorsed.

No Part-payment of Cheque. There is no obligation upon a banker to pay a part of a cheque, and if a customer draws a cheque for an amount in excess of the balance which he possesses, or of the overdraft which has been agreed upon, the banker might refuse payment. Thus, if the balance of a customer is £49 and a cheque is drawn by him for £50, payment should be refused. Part of the amount of a cheque is clearly not sufficient to meet it. It is sometimes supposed that the payee or holder of a cheque has a right in such a case to pay in the difference between the amount of the cheque and the balance standing to the drawer's credit at the bank, so as to secure the sum that is there. Thus, in the example just given, the holder would receive the £49 in the bank if he first paid in £1, so as to make the balance to the credit of the customer equal to £50. That such a thing is done occasionally is well known, yet it cannot but be regarded as illegitimate and improper. The two persons who know the true state of the account at the bank are the banker and the customer. It is not easy to understand why a customer should draw a cheque for an amount which he knows will not be met and tell the payee of the cheque of the fact, and it is difficult to believe that a banker can often be guilty of a breach of obligation not to disclose his customer's account. The extent of this last-named obligation of a banker in this respect is doubtful, and it is not certain that the banker is liable unless special damage is proved.

Date of Cheque. The date forms no part of the definition of a bill of exchange, and, therefore, the same applies to a cheque. If a cheque is issued undated, the holder may fill in the date, and a cheque is not invalid because it is ante-dated, post-dated, or dated on a Sunday, but it is probable that the drawer of a post-dated cheque may render himself liable to penalties under the Stamp Act, 1891, if he issues such a cheque, and it is allowed to get into circulation or to be negotiated. No liability, however, is incurred if a cheque is drawn and then held by the payee until the date of the payment arrives.

Signature of Customer. A banker is bound to know the signature of his customer. For this purpose he is entitled to apply repeated tests, if he cares to do so. The handwriting of men and women varies from time to time, and a banker is only acting with common prudence if he takes adequate measures to protect himself against loss. If a banker pays a cheque which bears a signature as drawer, purporting to be that of his customer, and the signature turns out to be a forgery, the banker is the person who loses the money. He cannot debit his customer with the amount paid, and this is so, even though the customer has been careless in the handling of his cheque book, and has left it about in such places so as to render it easy for a thief to abstract one or more cheques from the book. The reason of this rule is obvious. If a customer were to be held liable to be debited for money paid under a forged order, his balance would decline in an extraordinary fashion—in fact, any person who knew that he had a banking account could forge his signature and obtain his money. It is the banker's business to prevent this, and his skill and experience enable him to accept the risks of the position. Various efforts have been made by bankers in recent years to reduce this liability under a forged signature of

a drawer, and special circumstances have been pleaded. This effort above, however, has been unsuccessful.

Forged Indorsement. So much misapprehension exists as to the position of parties where a cheque bears a forged indorsement, that it is necessary to examine such a case somewhat minutely, and compare the rights and liabilities of bankers and other persons. In the case of bearer cheques, where no indorsement is necessary, a banker is in the same position as any other person, as, for instance, a tradesman who cashes a cheque to oblige a customer. Each takes the cheque for what it is worth, and runs the risk of loss through a forged signature of the drawer and insolvency of assets. In the case of a cheque to order, however, the position is different. *Prima facie*, no title can ever be gained through a forgery of any kind. Therefore, if the indorsement on an order cheque is forged, that is, if the signature is not that of the payee or of some person authorised by the payee to indorse the cheque, or if the indorsement of any transferee to whom the cheque is specially indorsed is a forgery, the holder has no right to the cheque, and even if he has given value for it, he must reimburse the true owner if called upon to do so. This will consist in restoring the cheque itself to the true owner if it has not been paid into a bank, or in payment of the amount of the cheque if it has been dealt with in the ordinary course of banking. He has no redress by way of repayment unless he can get it out of the person from whom he took the cheque. Again, a banker is in no better position than any other person if he becomes the holder in due course of a cheque drawn upon another bank and such cheque bears a forged indorsement, that is, he has no title to it and he loses what he has paid for the cheque. But with regard to a cheque drawn upon himself, the banker has a statutory protection so far as the payment of the amount of the cheque goes as against his customer. By Section 60 of the Bills of Exchange Act, 1882—

"When a bill payable to order on demand is drawn on a banker, and this is a cheque, and the banker on whom it is drawn pays the bill in good faith and in the ordinary course of business, it is not incumbent on the banker to show that the indorsement of the payee or any subsequent indorsement was made by or under the authority of the person whose indorsement it purports to be, and the banker is deemed to have paid the bill in due course, although such indorsement has been forged or made without authority."

But although the Section gives great protection to the banker, much care must be exercised in order that its benefit may be claimed. For example, if the cheque is drawn to the order of a particular person, and the indorsement is a name differing in any respect from that of the payee (see *INDORSEMENT OF CHEQUES*), the banker will be guilty of negligence in paying such a cheque, and cannot debit his customer with the amount paid, that is, he himself must bear the loss. Also, presumably, if a banker paid the cheque after banking hours, or if he paid it across the counter in contravention of a crossing of the cheque, he would not be entitled to debit his customer with the amount paid by him. But if a cheque is in all respects quite regular upon its face, and when presented across the counter bears an indorsement which is the same name as that of the payee, there is no liability resting upon the banker for paying the amount of the cheque.

if it turns out that the indorsement has been forged. The customer is debited with the amount, provided, of course, that his signature as drawer is genuine.

An example or two will make this point as to forged signatures and indorsements quite clear. A cheque is made payable to C. D., or bearer, and is purported to be drawn by A. B. It is cashed by a tradesman, for the convenience of a customer, in payment of a debt, or for the amount represented by the cheque. The only risk that the tradesman runs (apart from the sufficiency of assets) is in respect of the signature of the drawer A. B. He presents the cheque at the bank upon which it is drawn and asks for payment. The banker discovers that the signature of A. B. is forged, and refuses payment. The tradesman loses his money. He may have his remedy against the customer—if he can find him—but that is a matter which is outside the present illustration, but if the banker fails to discover the forgery and pays the amount, the banker is primarily liable. He cannot charge his customer, and he is left to seek his remedy against the tradesman, if he can discover him. The position is the same if a cheque payable to bearer is presented to the banker upon whom it is drawn, and bears a forged signature of the drawer. If the banker pays, he cannot debit his customer, and he must seek his remedy—civil or criminal—as best he can against the person who presented the cheque. Let it now be presumed that the signature of the drawer is genuine and the cheque payable to bearer. The tradesman who takes the cheque in due course has a perfect title to the same, and the banker upon whom it is drawn is exonerated from all liability by paying the cheque across the counter to the tradesman. Further, the banker would be perfectly justified in paying the cheque in the ordinary course of business to any person who presented it to him, even though such payment was made to a person who had actually stolen the cheque. Now let the position as to an order cheque be considered. Suppose the cheque is drawn by A. B. and made payable to C. D. or order. It is quite clear from what has been stated, that C. D. must indorse the cheque, or the indorsement must be placed thereon by his authority. The cheque is stolen, and a person goes to a tradesman with it (it is immaterial whether the cheque is crossed or not), and gets him to cash it. The cheque is indorsed with a signature which purports to be that of C. D. If the signature of C. D. turns out to be a forgery, the rightful owner of the cheque, on discovering the facts, can sue the tradesman, either for the return of the cheque, or for the amount which he has received for it, and the tradesman is left to his remedy against the person from whom he took it, but if such a cheque is taken to the banker upon whom it is drawn, even by the thief, and a signature purporting to be that of C. D. is indorsed thereon—but the cheque must not be crossed—the banker may pay the amount of the cheque across the counter, and he is in no wise personally liable to the true owner for the amount of the same. The Act entirely exonerates him from liability, and he is perfectly entitled to debit his customer with the amount of the cheque. It is not pertinent to the present inquiry to consider where the loss must ultimately fall. It may be upon the drawer or the payee according to circumstances. This exemption of a banker from liability only refers to the banker upon whom the cheque is drawn. Thus, if the

cheque drawn in favour of C. D. is upon the X Bank, and the thief or wrongful possessor forges the signature of C. D., and pays the cheque into his own account with the Y Bank, and the Y Bank gets the cheque cashed and allows the thief to withdraw the money, the rightful owner can maintain an action either against the thief or against the Y Bank for the amount. The X Bank is exonerated by Section 60. The same rule applies where a cheque is specially indorsed and the signature of any of the transferees is forged. No title can be made through any forged indorsement. When the indorsement is necessary in order to transfer the rights in the document.

Alterations. A banker should refuse payment of a cheque which appears to have been materially altered, otherwise he may have to bear any loss which arises. A banker is liable in case of fraudulent alteration, even though the alteration is not apparent, and could not have been discovered by anybody. Again, a banker should not pay the amount of a cheque which has been torn or mutilated. Until quite recent years, it had been held as an exception in the favour of the banker, that if his customer had drawn a cheque so negligently as to facilitate an alteration or a forgery, the customer could not hold the banker responsible for any loss arising. Negligence is, of course, a question of fact, yet it is not difficult to draw a fairly clear rule from decided cases. Thus, if a customer drew a cheque so carelessly and left blank spaces which might make it possible for an alteration or forgery to be committed, and the amount for which the cheque was drawn was increased, the customer had to bear the loss if the banker paid the increased amount. The customer suffered on account of his own negligence, the banker not having been guilty of any. This was the decision in *Young v. Grote*, 1827, 4 Bing. 253, and the facts of this case were as follows. Mr. Young delivered to his wife certain printed cheques signed by himself, but with blanks left for the amounts for which they were to be drawn, requesting his wife to fill up the blanks according to the exigencies of his business. She caused one to be filled up with the words "fifty pounds two shillings," the "fifty" being commenced with a small letter, and placed in the middle of a line. The figures 50 2s. were also placed at a considerable distance from the printed £. In this state, Mrs. Young delivered the cheque to her husband's clerk to obtain payment from the bank, whereupon he inserted at the beginning of the line in which the word "fifty" was written the words "three hundred and," and the figure 3 between the £ and the 50. The banker paid the cheque as for £350 2s. in the ordinary course of business, and it was held that he was entitled to debit Mr. Young with the amount. The case would have been entirely different if the cheque had been drawn in the ordinary way and then altered. It is the duty of the banker to take care that he is not imposed upon by alterations in the amount of a cheque after it has left the possession of the drawer, when the drawer has not been guilty of any negligence. With this case of *Young v. Grote* the decision of the Privy Council in *Colonial Bank of Australasia v. Marshall*, 1906, App. Cas. 559, should be compared. It was there held, following the decision of *Schofield v. Earl of Lonsborough*, 1896, App. Cas. 514 (where the acceptor of a bill of exchange of which the amount had been altered was held not to be liable for the increased amount

even though spaces had been left which facilitated the alteration), that the mere fact of a customer of a bank drawing a cheque and leaving spaces which a forger can utilise for the purpose of forgery is not of itself sufficient evidence of negligence on the part of the customer to exonerate a banker from all liability. This decision caused much uneasiness in banking circles, but as the case was before the Privy Council, and Privy Council decisions are not legally binding upon the House of Lords, though they are always treated with the utmost consideration, the question was able to be brought before the latter tribunal in the clearest manner possible in the case of the *London Joint Stock Bank v Macmillan*, 1918, App. Cas. 777, when the liability of the customer for negligently drawing a cheque, as in the case of *Young v Grote*, was finally established as far as the United Kingdom is concerned. As a greater security, in order to avoid a loss in any event to a considerable extent, it is not uncommon to find some such words as "Under £20," or "Under £5," added to the cheque (See ALTERATION OF BILLS AND CHEQUES.)

Liabilities of Parties. As in the case of bills, every person whose name appears upon a cheque is liable on the instrument. The liability of the banker on whom the cheque is drawn is to his customer alone. The liability of every other person is to the holder, and consideration is always presumed until it is rebutted. From the nature of things, a cheque rarely passes through several hands in the same manner as a bill. The payee generally pays the cheque into his banking account, if he has one, or cashes the cheque at the bank upon which it is drawn at the earliest opportunity, if it is an open cheque, but if the payee has no banking account, and the cheque is crossed, so that he cannot receive payment by presenting it at the bank, he gets some friend to accommodate him with cash and transfers the cheque, either by indorsement, if the cheque is drawn to order, or by mere transfer, if it is payable to bearer. As in the case of a bill, the transferee may require the transferor to indorse even a bearer cheque, so as to secure him as a party to the cheque in case it is not paid by the banker. Where the holder of the cheque has taken it complete and regular on its face, in good faith and for value, and without any notice of any defect in the title of his transferor, he is a holder in due course, and if the banker dishonours the cheque he can sue the drawer or any indorser for the amount of the same. If the person who is in possession of the cheque is a holder simply, and has not become a holder for value, he is liable to be met, in any action, with any of the defences which would have been open against his transferor. If the holder of the cheque is the payee, he may sue the drawer upon the cheque or upon the consideration for the same. In no case, however, can a holder sue upon a cheque until it has been presented at the bank for payment.

Parties. Less difficulty occurs as to parties in the case of cheques than in the case of bills, because no one can lawfully draw a cheque unless he has an account with a banker, but it is necessary to notice the particular position of partners in a business firm. The banker should receive specific instructions as to how cheques are to be drawn, and by which member or members of the firm they are to be signed; and so long as his authority remains unchanged, the banker must honour the cheques duly presented. If the account is in the name of

more than one person, the order of any one of them as to the same, such as a countermand of payment, is binding upon the banker. The position of all other persons, as payees or indorsers, is the same as in the case of bills, and any intention to qualify an indorsement so as to limit the liability of the indorser, or an indorsement made in a capacity other than that of principal, must be clearly indicated on the cheque itself. It will be remembered that a debt of any amount is liquidated by a cheque of the debtor for a smaller amount—there is accord and satisfaction (*q.v.*), but a cheque which is afterwards stopped is wholly inoperative. A cheque of a person other than the debtor will also act as an accord and satisfaction, and if it is taken by the creditor in full and complete discharge of the liability of the debtor, the debt is not revived in case the cheque is dishonoured, and the debtor is free from all liability, unless he has indorsed the cheque. It is, however, always a question of fact whether there has been complete accord and satisfaction.

The mere taking of a cheque in payment of an antecedent debt, whether the cheque is that of the debtor or of any other person, will not exonerate the debtor from liability upon the consideration if the cheque is dishonoured.

Revocation of Banker's Authority. The duty and authority of a banker to pay a cheque drawn upon him by a customer are determined by (a) countermand of payment, (b) notice of the customer's death, and (probably) (c) notice of an available act of bankruptcy. When payment is countermanded a cheque is said to be "stopped," and a banker is responsible if he pays such a cheque. The stopping does not affect the rights of a holder. It is true he cannot obtain any remedy against the bank, but he is able to sue the drawer or any indorser, or any other person, whether a party or not, from whom he received the cheque and to whom he gave consideration. The person, however, who is sued and who is not a party to the cheque can only be sued on the consideration and not on the cheque. But the person who brings an action must be a holder for value, that is, value must have been given for the cheque at some time, and even then he cannot sue that party from whom he received the cheque as a gift. If he is a holder in due course, his remedy is unimpeachable; all parties are liable upon it. The banker must have distinct notice of the death of his customer or of an available act of bankruptcy on his part before he can refuse to honour cheques drawn by him, provided he has funds in his hands; but, as to notice of death, when the account is that of a firm which consists of several members, the death of one or more of the partners does not in itself revoke the authority of the surviving partners or partner to draw cheques on the firm's account.

Moreover, the service of a garnishee order *ni et* on a banker, that is, a legal notice warning the banker not to part with the moneys of his customer, based upon a judgment against the customer, ties up the whole of the current account of the customer at the date of the service of the order. It is immaterial that the balance of the customer is greatly in excess of the amount of the judgment debt. The account cannot be operated upon even by cheques which have been issued before the service of the order.

Stopping Payment. When a customer desires to stop payment of a cheque, he must give notice in writing to his banker, describing fully the cheque,

the payee, etc. Upon presentation of the cheque to the banker upon whom it is drawn, the words "Payment stopped" or "Orders not to pay" are written in the top left-hand corner. This is the case when a cheque is crossed and it is presented through the Clearing House (*qv*) in the ordinary way of business. A banker receiving back such a cheque will debit his customer with the amount, if he has already credited him with the sum, and seek instructions from his customer. If the cheque is an open one and presented at the bank for payment across the counter, payment will be refused, but there is no necessity to write any letters or words upon the cheque itself. It is not in accordance with the accepted and acknowledged duty of the banker that any explanation should be given to the payee of a cheque. It is sufficient to say that payment has been stopped. If a cheque is dishonoured through lack of funds to meet it, the letters "N/S," that is, "not sufficient," or "R/O," that is, "refer to drawer," are written upon it, when a cheque has come through the Clearing House. (The latter is, in practice, the more common form used). If the cheque is an open one, payment is refused at the counter, and no explanation is given. The payee is not entitled to ask any questions as to the state of the drawer's account (See PAYMENT STOPPED).

Donatio Mortis Causa. A cheque given as a present, that is, without consideration, should be cashed at once, in order that the donee may receive the benefit of the gift. Sometimes a cheque is given as a present by the drawer shortly before his death—a *donatio mortis causa*—on condition that it is to be returned if the drawer recovers from his present illness. Unless it is cashed by the payee before the banker is notified of the death of the drawer, the payee gets nothing. The banker's authority is at an end, and the executors cannot be sued, as there is no consideration for the cheque. If, on the other hand, a cheque is given by a drawer for value, the holder can maintain a claim against the deceased's estate as for any other debt.

Payment by Cheque. Payment of an account may be made by cheque as well as by bill. In the latter case, the period of credit is extended until the date of its maturity. In the former, the debt revives immediately after the dishonour of the cheque on presentation. A cheque is a legal tender unless it is objected to on the ground of its being a cheque. Thus A owes B £100. A tenders a cheque for that sum. B says: "I will not take your cheque, I must have cash, or something equivalent." There has been no tender, but if the refusal to accept the cheque is simply on the ground that the amount is insufficient, there has been a good order. When payment is made by cheque it should be drawn to the creditor's order. The creditor is then compelled to indorse it, and the production of the cheque itself will be a *prima facie* evidence that the debt has been paid.

Cheques sent by Post. Unless expressly or impliedly authorised to use the post, the drawer of a cheque is responsible for any loss which may arise through the miscarriage of a cheque sent by post. He has himself chosen the post as his agent, and he must bear the consequences. A request, however, on the part of the payee that a cheque should be forwarded in this manner will exonerate the sender completely, since the post is now the agent of the payee. Open cheques ought not to be sent by post.

Property in Paid Cheques. Upon payment, the banker generally cancels the signature of the drawer, and the cheque is then discharged. The paid cheque is the property of the drawer, but the paying banker is entitled to keep it as a voucher until his account with his customer is settled. There is a slight variation in practice between the methods of London and country bankers as to paid cheques. If a banker retains the paid cheques, he may be compelled to produce them in court in an action in which the cheques become necessary evidence. All the principal points connected with the subject-matter of the present article are discussed under separate headings.

CHEQUE BOOK.—A book of cheque forms, with counterfoils attached.

Cheque books are of various sizes, according to the number of forms in each, though it is more common to have them in books of 25, 50, 100, and so on. Specially large books are usually prepared for customers who use many cheques. Each book has its cheques numbered consecutively, which numbers run on from book to book. A record is kept by the banker of each book issued, with the name of the customer to whom it has been given. Each cheque is stamped with a 2d embossed stamp, and very elaborate methods of engraving are now adopted, so as to prevent forgery as far as possible.

When a cheque is used, the counterfoil should be filled up.

When a new book is required, the customer should either obtain it personally or fill up and sign an application form for a new book. An application form is usually inserted in each cheque book, a short distance from the end of the book. Some banks have a rule that, when a cheque book is delivered upon a written order, the fact should be at once communicated to the customer.

When not in use, it is prudent to keep a cheque book locked up, and a notice to this effect is now printed upon many cheque books as issued by the banks.

Of course, it is not essential to make use of the special form of cheque issued by a bank. A cheque may be written out on a half-sheet of notepaper, and a 2d adhesive stamp, or two 1d ones, or four halfpenny ones, used and cancelled, but the practice is not favoured by bankers, and no careful business man would ever take a cheque of this kind except from a person who was well known to him. In America it is called "check-book."

CHEQUEE.—(See FOREIGN WEIGHTS AND MEASURES—TURKEY.)

CHEQUE RATE.—This is a term which is used in connection with the Foreign Exchanges (*qv*), and signifies the price in one country at which a cheque, or a sight draft, upon another country may be bought. With most foreign countries the quotation is that of the "long rate" (*qv*), i.e., for three months' or ninety days' bills; but there are cases in which "short rates" (*qv*) are granted, that is, for drafts which have from eight to ten days to run.

When the Paris Cheque Rate is quoted at 25 30, it means that a foreign banker in London is prepared to draw a demand draft upon his agent in Paris at the rate of 25 francs 30 centimes for every £1 handed to him in London.

Another name for cheque rate is Sight Rate. (See COURSE OF EXCHANGE, FOREIGN EXCHANGES.)

CHEQUE SENT BY POST.—(See POST OFFICE AS AGENT.)

CHEQUE TO BEARER.—This is a cheque which is made payable either to the payee named therein or to bearer. If uncrossed, it is payable in cash over the counter by the banker upon whom it is drawn to the person who presents it, whether he is the actual payee or not. If it is crossed, it must be paid into a bank for collection. It is irregular for any banker to pay it in cash over the counter.

A cheque to bearer, often called a "bearer cheque," does not require any indorsement.

When a cheque is made payable to a fictitious or non-existent person, even though it is in form a cheque to order, it may be treated as a cheque to bearer. (See FICTITIOUS PAYEE.)

CHEQUE TO ORDER.—This is a cheque which is made payable either to a payee or to his order. Unlike a cheque to bearer, it must be indorsed with the name of the payee, and then it is payable in cash over the counter of the bank upon which it is drawn. If it is crossed, it must be paid into some bank for collection.

The indorsement should be made by the payee or by some person who is duly authorised by the payee to indorse it. Should the indorsement be forged or unauthorised, a holder has no title to the cheque as against the true owner, and any person who has given value for it must restore it on demand. This does not apply, however, to the banker upon whom the cheque is drawn, as he is specially protected under Section 60 of the Bills of Exchange Act, 1882, if he pays under or through a forged or an unauthorised signature, but this exception only applies if he acts in good faith and without negligence. (See CHI QUE, CROISSÉ CHI QUI.)

If the payee is a fictitious or a non-existent person, the cheque, although it is in form a cheque to order, may be treated as a cheque to bearer. (See FICTITIOUS PAYEE.)

CHERRY BRANDY.—(See BRANDY.)

CHETVERT.—(See FOREIGN WEIGHTS AND MEASURES, RUSSIA.)

CHICORY.—The common chicory (*Cichorium intybus*) grows wild in England and many parts of Europe. Another name is succory. It is frequently used as a salad, but is mainly cultivated for its brown, carrot-shaped root, which is used to adulterate coffee. The root is dried in a kiln, roasted in fat, and ground to powder. Except for the sugar it contains, it is valueless as a food. It is mainly imported in the raw or kiln-dried form from Belgium and the north of France. The herbage of the plant is a good cattle food.

CHIEF RENT.—Same as QUILT RENT (*qv*).

CHIL.—(See FOREIGN WEIGHTS AND MEASURES—CHINA.)

CHILDREN UNDER THE FACTORY ACTS.—

The law as to children employed in factories and workshops will be found in the article FACTORY AND WORKSHOP ACT. A short summary of the facts will, therefore, be sufficient in this place. The word "child" means a person who is under the age of fourteen years. A "young person" is one who has ceased to be a child, and is above the age of fourteen and under the age of eighteen.

A child is not allowed to clean any machinery in motion in a factory, if the machinery is driven by any mechanical power. A young person must not clean any dangerous machinery whilst it is in motion. The hours and holidays of children and young persons will be found mentioned in the article above referred to, together with the following: The hours of employment in textile factories

for children, the hours of employment in non-textile factories and workshops, for children and young persons, the hours in print works and bleaching and dyeing works, restrictions on employment, both inside and outside the factory or workshop, on the same day, the rules as to meal-times, and prohibition of Sunday employment.

In the above-named article will also be found: The work hours in lace factories, bake-houses, fish and fruit preserving factories, creameries, Lankey-red dyeing, Sunday work in Jewish factories and workshops, overtime, night work, glass works, printing press works, fitness for employment (which requires certificates given by a medical man), the education of children who work in factories and workshops during a portion of each day, or on alternate days, the employment of children and young persons in dangerous trades; work in laundries, home work, domestic factories and workshops, and the cost of birth certificates, which are sometimes required to prove the age of children and young persons.

CHILE.—The republic of Chile, or Chili as it is sometimes spelled, is one of the three most advanced States of South America, the other two being Argentina and Brazil. It is a narrow strip of land extending from the rainless Desert of Atacama, on the southern confines of Peru, to the Straits of Magellan, a distance of about 2,500 miles. At no part is the breadth of the country more than 100 miles, the eastern boundary being, for a considerable distance, the Andes, which here reach their greatest height in the peak of Aconcagua, 22,422 ft. Owing to its configuration, there are no rivers of any considerable size, and none of them is of any commercial value as a navigable highway. The country enjoys a cooler climate than most of the other South American States, owing to the cold Humboldt Current from the Antarctic Ocean. This undoubtedly accounts for the greater industry of the inhabitants, as well as the comparative freedom from revolutions. The total area of Chile, which is divided into twenty-one provinces and three territories, is about 300,000 square miles, i.e., the country is about one and a half times the size of France. The population is estimated at a little less than 4,000,000, the white population being overwhelmingly predominant. There is a considerable amount of immigration chiefly from Spain, and the language spoken in the country is Spanish.

Relief.—The nature of the country and its exact position are shown by a reference to the maps of SOUTH AMERICA (between pages 79 and 80) and ARGENTINA (p. 106).

Productions.—Guano and nitrate of soda are obtained in the north, and these form the principal exports. The former is obtained near the coast from the northern boundary to 21½° south latitude, and the latter is obtained in the same latitudes, but further inland. The mineral wealth is great, the country being extremely rich in copper ore, which was formerly sent almost exclusively to South Wales, but recently Chile has established smelting works of her own. There are extensive mines of silver, and recently some valuable gold mines have been discovered. The mining industry, as far as regards copper, silver, and gold, is carried on in the centre of the country. In the south, coal and iron are worked to a considerable extent. Agriculture has also become an important industry, although the farming is not of the most advanced character, and Chile now exports a certain quantity

of wheat, maize, barley, oats, beans, peas, lentils, flax, and hemp. Potatoes are extensively cultivated, and the vine is far from unimportant. Large herds of cattle supply hides, which form a valuable article of commerce. About one-half of the foreign trade of Chile is carried on with Great Britain, the articles above-mentioned forming the bulk of the exports, whilst the imports are composed mainly of clothing and machinery. The many ports of the country are favourable to commerce, and there are half a dozen lines of steamers which have direct communication between Chile and Europe.

The railway, telegraph, and telephonic communications are, comparatively speaking, very good. There are over 5,000 miles of railway open, one-half of which are owned by the State. An English company controls the telephone. A railway over the Andes, connecting Valparaiso with Buenos Ayres, was opened in 1912. It is 880 miles in length, and reaches an altitude, in crossing the Andes, of nearly 10,000 ft. This brings the two cities within twenty-six hours of each other, and has created a great change in the commerce of South America, the journey of 2,000 miles round Cape Horn being saved. Until recently, all the trade carried on between Chile and Argentina (unless by sea) had to be conducted by means of mountain passes, which on account of their elevation, were only open during the summer months. Another railway of importance is that running from Arica almost due south, for a length of 600 miles. Although running for a considerable distance through desert country, it has opened up a large nitrate district.

The mercantile marine of Chile is growing at a considerable pace, although, compared with that of other nations, it is still of very small importance.

Towns. *Santiago*, a handsome and well-built town, is the capital. It is situated on a fertile tableland. Its population is nearly 400,000.

Valparaiso, a little to the north-west of Santiago, is the chief port of Chile.

Iquique is the port in the north which is engaged in the export of guano and nitrates.

Concepcion is the principal port in the south.

Two ports in the north have gradually risen into prominence during the last few years, *Antofagasta* and *Arica*, through which most of the foreign trade of Bolivia is carried on.

The numerous islands off the coast of Chile are of no commercial importance, and the only one of interest is the island of *Juan Fernandez*, that upon which Alexander Selkirk (the original of *Robinson Crusoe*) lived for four years.

Santiago can be reached by two routes from England, either via Panama or via the Straits of Magellan. The distance by the former route is 9,000 miles and by the latter 11,000 miles. The time of transit is normally from thirty-five to forty days. With the opening of the new trans-Andean railway, the time of transit, when this route is taken, is about twenty-four or twenty-five days.

CHILLIES.—(See CAPSICUM.)

CHILOGRAMMA.—(See FOREIGN WEIGHTS AND MEASURES.—ITALY.)

CHILOLITRO.—(See FOREIGN WEIGHTS AND MEASURES.—ITALY.)

CHILOMETRO.—(See FOREIGN WEIGHTS AND MEASURES.—ITALY.)

CHIMNEY SWEEPERS.—An Act passed in 1840 regulated the business of chimney sweepers. No

child or young person under the age of twenty-one may climb or descend a chimney or a flue for the purpose of sweeping the same. No child under sixteen may be apprenticed to a chimney sweeper. In 1864 it was enacted that no child under the age of ten shall do, or assist in doing, any work or thing in or about the trade or business of a chimney sweeper elsewhere than in the home or business place of the chimney sweeper. No person under sixteen must be taken to any house by a chimney sweeper to assist him in his task of sweeping. The penalty for disobedience must not exceed £10.

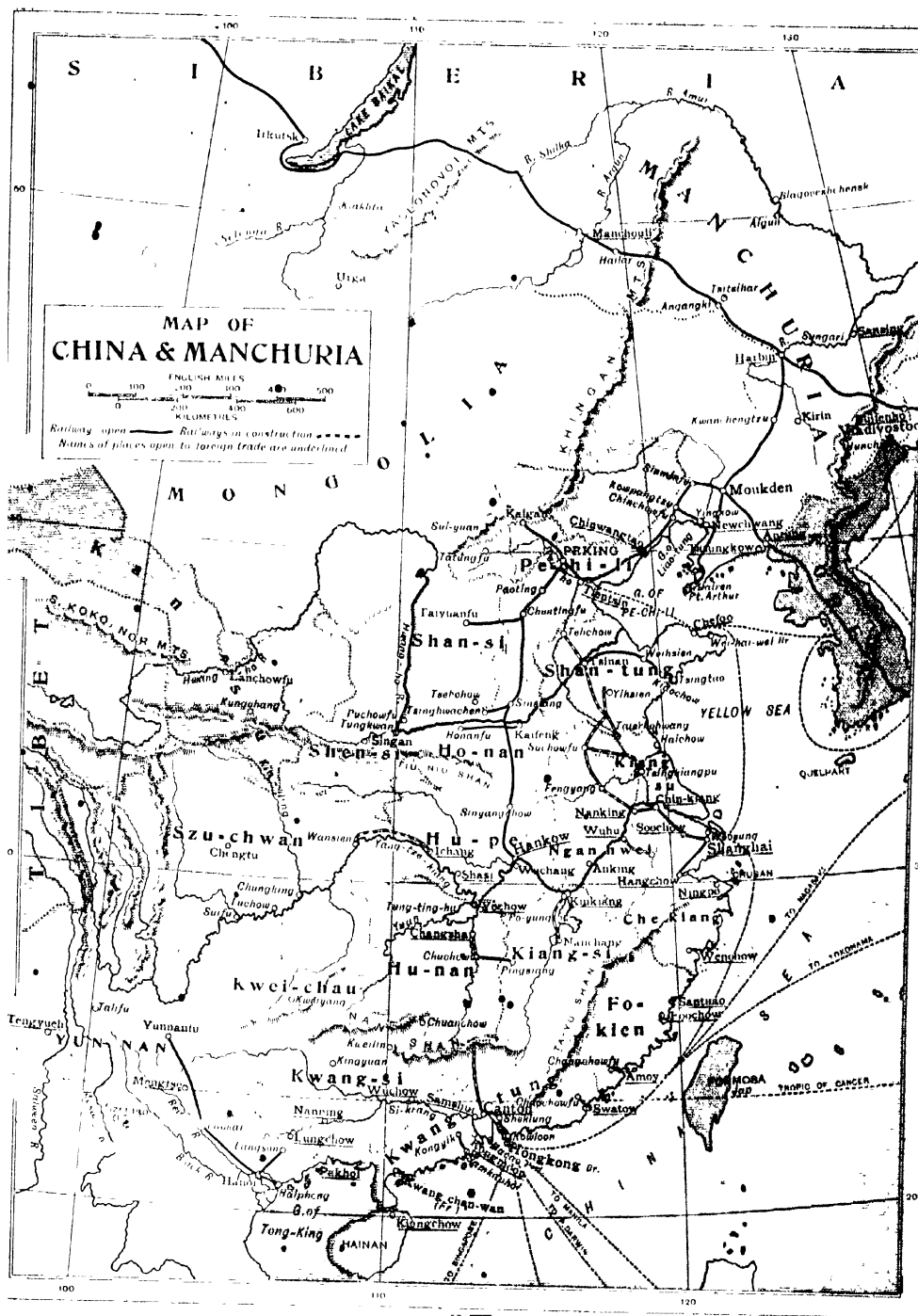
In 1875 it was enacted that the chief officer of police in each police district may issue a certificate, authorising a chimney sweeper to carry on his business. If partners are engaged in the business, one certificate may be issued for all the partners. The cost of the certificate is 2s. 6d. It must be renewed every year. If a chimney sweeper desires to carry on his business in another district, the chief police officer of such district must endorse the certificate without charge. The penalty for not having a certificate is 10s. Every chimney sweeper must give his name and address when legally required to do so; he must also produce his certificate if required. The penalty for disobedience is 10s. The holder of a certificate must not lend it to another; he must not make any false statement when applying for a certificate, or alter one when obtained, or show a fabricated certificate. Penalties or imprisonment will follow any of these offences.

Justices of the peace or judges may deprive the chimney sweeper of his certificate for one year or less. When the chimney sweeper employs others, the names of the apprentices and their ages, and the names of the journeymen must be stated in the application for a certificate.

In 1894 it was enacted that if any chimney sweeper annoyed any householder by knocking at houses from door to door, in the pursuit of his calling, or if he rang a bell or used any noisy instrument, he would be liable to a penalty of 10s. for the first offence, and 20s. for each subsequent offence.

CHINA.—**Position, Area, and Population.** China, the "Flowery Land," is a huge triangular country, which, after a long career as a monarchy and an empire, has recently become a republic. It gradually rises from its base along the Pacific Ocean to its apex in the Pamirs. The republic comprises China Proper (or the "Eighteen Provinces"), and there exists a kind of suzerainty over the neighbouring provinces of Manchuria, Mongolia, Tibet, and Chinese Turkistan. On the west and north, China is bounded by Russia in Asia, on the south by India, Burma, and French Indo-China, and on the east by the Pacific Ocean. The whole region lies between 20° and 53° north latitude, and between 75° and 135° east longitude. China Proper has an area of over 1,500,000 square miles, and a population estimated at over 400,000,000. The remaining provinces have a combined area of over 2,500,000 square miles, and a population probably approaching 30,000,000, most of whom are inhabitants of Manchuria.

It is interesting to note that China includes one-quarter of the area of Asia, and its population (if the estimates may be taken as correct) approximately one-quarter of that of the world. The high average density of population (265 to the square mile) over the vast area of China Proper seems almost incredible, till considerations are given to



the frugality of the Chinese, the effects of monsoonal rains, and the fertile soils.

Coast Line. Two coast lines may be distinguished: The eastern continental shore and that of the fringing islands on the edge of the continental block (Lucha Islands, Formosa [Japanese], and Hainan). Both coasts exhibit evidence of being sunken shores, and are generally irregular and steep, except where the great rivers have built their vast deltas. The continental coast is washed by seas of the Pacific Ocean, known locally as the Yellow, East China, and South China Seas, all of which are shallow. There are no good harbours on the sandy shores of the Gulf of Pe-chi-li, into which the Hwang Ho empties its waters, but on the rocky coasts of the Shantung peninsula, Chifu, Wei-hai-wei (British), and Kiaochau (formerly held by the Germans, but taken from them during the Great War) are good ports, though lacking at present good hinterlands on account of imperfect communications with the interior. South of the Yang-tze-Kiang, the coast is much indented, and contains many excellent harbours. Shanghai, Canton, and Victoria (Hong-Kong) carry on a large trade both with the interior and with foreign countries.

Build. The Chinese Republic is composed of: (1) The two extensive low plains in the north east of China Proper; (2) the mountainous and hilly country in the west and south-west of China Proper, and the mountainous Shantung peninsula; (3) the huge steppe land of Manchuria in the north-east; (4) the parched and dreary tableland of Mongolia in the north-east; (5) the vast plateau of Chinese Turkestan, including Kashgaria in the south and Dzungaria in the north; and (6) the lofty, desolate, lake-strewn, mountain-rimmed plateau of Tibet, "a tableland with the table-legs in the air."

The two plains of China Proper vary greatly in extent. The larger stretches from the Gulf of Hangchow northwards to the mountains beyond Peking, having a total length of about 700 miles, and a maximum breadth of 400 miles. Much of this plain is very low and level, and great difficulty is experienced in keeping the rivers within their banks. A line of comparatively low hills, forming the water parting between the Yang-tze-kiang and the Hwang-ho, separates the minor plain (140 miles long and broad) of the middle Yang-tze-kiang and the lower Han from the greater plain.

In the west and south, the mountainous country consists of an intricate system of mountain chains and spurs, which in the south run generally east and west, rising to their greatest height in the Yunnan plateau, and sinking to their lowest level in the Hunan lake district. The Nan-Shan or Nan-hung mountains, forming the main ridge, separate the Yang-tze-kiang basin from that of the Si-kiang. On the west, the Pelung or Northern Mountains (Fsin-ling-shan and Funu-shan)—a continuation of the Kwen Lun—divide the basin of the Hwang-Ho (Yellow) from the Yang-tze-Kiang (Blue), and form a serious barrier to communication between north and south, especially between the fertile Wei and Han valleys. The lofty Nan Shan Mountains, rising to heights of approximately 20,000 ft., form the boundary between China Proper and Tibet, while the Great Wall separates China from Mongolia. The Great Wall, one of the wonders of the world, is a stupendous barrier, built by man, and stretches from the Gulf of Pe-chi-li for about

1,500 miles into the desert wastes of Turkestan, climbing steep and rugged mountains, descending into gorges and ravines, and crossing rivers, valleys, and plains in its course. Its breadth at the base is 25 ft., at the top 15 ft., while the height varies from 15 to 30 ft. Built in the third century before the Christian era as a defence against invading Tartar tribes, it is now falling into ruins.

Three great rivers cross China from west to east, only one of which is of great importance to navigation. The Hwang-Ho or Yellow River ("China's Sorrow," on account of its inundations, and "China's Blessing," on account of its aid to irrigation), about 3,000 miles long, rises in the heart of Tibet, and, after receiving the Wei, is deflected eastwards by the Tsanglung Mountains. In its lower course it crosses the fertile loess basin of Northern China, and finally pours its waters and vast quantities of sediment into the Gulf of Pe-chi-li, which it is gradually silting up. Obstructed by shallows and waterfalls, liable to burst its banks and change its course, thereby causing at times great loss of life and property, and with a rapid current, the Hwang-Ho is of very limited use to commerce. Till 1852, the river ran south east to the Yellow Sea, but in that year the embankments, always a constant source of anxiety and expense to the Government of China, burst, and the Hwang-Ho took a new course to its present mouth, north of the Shantung peninsula, and about 100 miles north of its former mouth. Within the last twenty-five centuries it has altered its course at least eleven times, and in 1887 it overwhelmed more than a thousand villages and a million of people. The Yang-tze-Kiang or Blue River ("Son of the Ocean"), over 3,000 miles long, also rises in Tibet, and is deflected eastwards by the Yunnan Highlands. In the upper part of its basin, where it receives numerous tributaries, it flows through a region known as the Red Basin, on account of its fertile red soil. Fourteen hundred miles from its mouth, below Shanghai, the river passes through a series of gigantic gorges, the grandest of which is the Ichang gorge. After passing the gorges, the Blue River becomes navigable, and zigzags through a rich, fertile, and very populous region. Though varying in volume (at Ichang and Chang Kiang the yearly variation is at least 40 ft.), and impeded by rapids, the Yang-tze-kiang is the most important commercial river. As far as Ichang (over 1,000 miles from its mouth) it is navigable for steamers, and for ocean going steamers to Hankow (700 miles up). Unlike the Hwang-Ho, its floods are seldom dangerous, for the numerous lakes edging its course prevent disaster, and the tributaries are unlikely to flood all at the same time. The Si-Kiang or West River (1,100 miles long) is the chief waterway of Southern China, and is navigable more or less for the greater part of its course, but it, too, is impeded by rapids.

Manchuria is largely a huge grassy plain, though it contains a dreary saline tract in the south. It is bounded on the west by the Khingan Mountains, on the north by the Amur River, and on the east by the Ussuri. In the north the valleys of the Sungari, Nonni, and Ussuri are rich, and there is excellent navigation on those streams when not frozen (June to November).

The vast plateau of Mongolia is largely occupied by the vast "sea of sand," known as the Gobi or Shamo, whose altitude is from 3,000 to 3,300 ft. Poor steppe land, and a few fertile and well-watered valleys in the north-west, make up the remainder.

of the region. The chief settlements are in the north, where extensive spurs of the Altai, Tian Shan, Sayan, and Yablonovyi Mountains traverse the country.

Chinese Turkestan is divided naturally into two unequal portions by the Tian Shan range ("Celestial Mountains"). Kashgaria, the larger section, is largely the basin of the Tarim River. This river (formed by the Kashgar, Yarkand, and Khotan) flows along the north of the desert, and finally empties itself into Lake Lob (or Lop) Nor, a fresh-water lake with no outlet. Most of the Tarim Basin is a desert of shifting sand, whose advance in the course of ages has overwhelmed ancient, prosperous cities. The population is mainly settled on irrigated oases on the river banks at the base of the Kwen-lun, Altyn Tagh, the Tian Shan, and the Pamirs. Between the Tian Shan and the Altai lies the lower plateau of Zungaria, whose rivers disappear in lakes and marshes.

The lofty, wind-swept, thinly inhabited plateau of Tibet stretches through about 12° of latitude between the Himalayas and the Kwen-lun, Altyn Tagh, and Nan-shan. Its extensive mountain-crossed high plains have an elevation of 14,000 to 17,000 ft. in the west, and from 9,000 to 14,000 ft. in the north-east. In the east, the parallel ranges trending east and south are separated by inaccessible and unexplored gorges, containing the head-streams of the Mekong, the Yang tze-kiang, and the Hwang Ho. The Indus and the Brahmaputra or Sampo rise near each other, flow in opposite directions, and, after courses of several hundred miles, break through the bounding parallel ranges of Tibet in inaccessible gorges to the plains of Hindustan. The great majority of the inhabitants live in the southern Sampo valley and the adjoining valleys.

Climate. Over such a vast region as China many varieties of climate are experienced, ranging from extreme continental to sub-tropical, and from humid to extreme arid. The chief factors determining the various climatic types are the position in the North Temperate Zone, east of the world's greatest land mass, the direction of the lofty mountain regions, the altitude of the western plateaux; the distance from the Pacific Ocean, and the monsoon winds. Generally speaking, the whole region is subject to extremes of temperature, hot summers alternating with cold winters. Naturally, the greatest ranges of temperature occur in the north and west. Summer rains, brought by the south-east monsoon, are characteristic, and all the eastern regions, and especially the south-east receive a copious summer rainfall. Passing from the coast to the interior, the rainfall diminishes, and the western plateaux are almost rainless. The lower Sampo Valley receives a small rainfall from the Indian south-west monsoon. Dry, cold winters following the warm summers tend to maintain the health and energy of the inhabitants. The intense insolation and rapid radiation on the plateaux add to the great range of temperature between the days and nights, and the rarity of the air in Tibet is one of the chief reasons for the low daily and annual temperatures of that country. Peking and Canton, though coastal towns, illustrate well the great variations between summer and winter temperatures (Peking: January, 23° F., July, 79° F.; Canton: January, 55° F., July, 82° F.). The change in the volume of the rivers, which affects their usefulness, is the result of the alternate wet and dry seasons. Destructive typhoons make navigation

dangerous and difficult on the South and East China Seas in summer and autumn. Manchuria has a very severe winter, the ground being frozen for four months, and the thermometer sinking several degrees below zero.

Soils. The northern half of China Proper is covered with a peculiar yellow soil, known as loess, which has been derived from the arid plateaux of the west. Very rapid disintegration of the rocks results from the alternation of hot days and cold nights in the arid tracts, and powerful winds have swept the light particles in past ages towards the east, covering vast hollows. The loess soil is remarkably fertile, easy to work, exceedingly porous, and rewards cultivation even at great altitudes (the usual height is 2,000 ft. and below; but in exceptional cases crops are raised at 8,000 ft.). Though exceedingly rich, the loess soil suffers from its porosity, which makes its productiveness at times uncertain, except where irrigation is practised. Many parts have numerous wells to aid the natural rainfall. In some places the loess is 2,000 ft. deep, and roads and rivers cut deep down into it, rendering communication difficult and irrigation impossible. In Central China, especially in the east of the Province of Szechwan and the north of Yunnan, there is situated the "Red Earth" region, covered with a very fertile soil, formed by the weathering of an old red sandstone, and cultivation is carried on at great heights. The alluvial soils of the great rivers are rich, those round the Gulf of Pe-chi-li being specially noteworthy. On the oases of the west the soils yield excellent crops under irrigation, food constituents not being subject to the leaching action of rains. They provide a striking contrast to the shifting stretches of sand in the Gobi and in the Tarim basin, which are of no economic importance. There is no doubt that the arid tracts in past times had a much more humid climate—the ruins of large cities testify to this. Monsoon rains and summer heat, and fertile soil, fix the regions of greatest density of population.

Productions and Industries. *Agriculture.* China is essentially an agricultural country, and farming is held in high esteem, the farmer ranking higher socially than the artisan or merchant. To mark the great dignity and national importance of agriculture, the Emperor at his capital and his representatives in other parts guide the plough and sow the seeds of the chief cereals each year at the vernal equinox. The land is all freehold, and is held by families on the payment of an annual tax. Great density of population results in small holdings and intensive cultivation (spade culture). Farm implements are primitive, and irrigation is common. In Central and Southern China oxen and buffaloes are the chief farm animals, while in Northern China mules, ponies, and donkeys are employed. Horticulture is a growing industry and fruit trees are grown in great variety. Wheat, barley, maize, millet, peas, and beans are chiefly cultivated in the north. Immigration is increasing in Manchuria, and this region is expected to become an important wheat-growing region in the future. It should be noted that the Chinese are beginning to substitute wheat for rice as their chief bread product. Rice, sugar (cane), indigo, cotton, tobacco, tea, and silk are produced in the central and southern zones. Tea is grown on the hill slopes, especially in the maritime provinces. In the west and south, Fukiens, Hupe, Kiang-hai, Kunnan, Cheh-Kiang, Nganhwei, Kwangtung, and Szechwan are important tea

districts. Tea exportation has tended to increase in recent years, but the methods of growing and preparing the product need attention. Silk culture is important, almost everywhere, even in Turkestan. Though the mulberry tree grows over a wide range, the best and largest quantities of silk come from Kwangtung, Szechwan, Kiang-su, and Chih-Kiang. In the cool north, silkworms are reared on oak leaves. The quantity and quality of the silk produced are declining. Rice is not grown north of the Tsinglung Mountains, and cotton is mainly confined to the basin of the middle and lower Yangtze. Opium, once widely grown in the hilly and mountain regions of the north and west, is rapidly decreasing owing to the prohibitions on opium smoking. Kansu is noted for its excellent tobacco, the Sango hills, and the Hankow and Bohai districts for their famous teas. Hunan for its medicinal plants, Manchuria for its drugs (rhubarb and ginseng); and Fukien for its camphor. Barley, wheat, and peas are grown in limited quantities in Tibet, and cotton and rice on the fertile oases of the west. An interesting sight on the rivers is the floating poultry-farms. Geese and ducks are hatched ashore in incubators, and are afterwards put on large rafts with coops along the sides. The rafts are moved along from market to market.

The Pastoral Industry. The pastoral industry is not of great importance. On the steppe lands of the west, sheep, horses, and camels are reared. In Tibet, yaks (peculiar breeds of oxen), sheep, and goats occur, both wild and domesticated, and are used, in addition to horses and mules, as beasts of burden. Pigs feed in the great forests of the north, and wild asses roam on the southern mountains of Kashgaria. Manchuria is noted for its dogs, whose skins form an important export.

The Mining Industry. The mineral wealth of China is very great, but has been little developed, owing to conservatism. With her vast mineral wealth, plentiful supply of cheap labour, and abundance of raw materials, China will take a very high place among Asiatic countries when full awakening shall come, and signs of this are not wanting at the present time. There are coal deposits in every province of China Proper, and in Manchuria — probably the supply is greater than that of any other country in the world. The coal mines at Kai-ping, Northern Chihli, are very productive, and likewise those of Poshan in Shantung. Peking is supplied with anthracite fuel from the mines of Fangshan-hsien. Eastern Shansi possesses a field of anthracite (13,500 square miles), and Western Shansi a field of bituminous coal nearly as great. In South-Eastern Hunan the coal area (21,700 square miles) contains both anthracite and bituminous coal; and the production is considerable in some parts. Coal for steam purposes is abundant in Central and Northern Szechwan. The iron industry of Shansi is very ancient, and is aided by the abundant coal. Iron is also mined in Manchuria and West Chihli. Petroleum is worked on the Upper Yangtze-kiang, copper in Yunnan, tin, lead, and silver near the city of Mengtse, antimony in Hunan, tin and gold in Hainan, limestone and potter's clay in Shensi, salt in Szechwan, gold in Manchuria, and jade in Chinese Turkestan.

The Fishing Industry. The fisheries, of both the sea and inland waters, are very prolific. A characteristic mode of fishing is with the aid of cormorants, which are prevented from swallowing the large fish by the iron rings fastened round their throats. The

breeding of fish for food purposes is largely practised in the inland waters. It is said that about 40,000,000 Chinamen live by fishing, working day and night, and employing every kind of line and net, and trick and snare in catching the fish. Salmon-fishing in the Sungari and other tributaries of the Amur is important.

Forestry. China is not rich in forest lands, though extensive forests are still found in the north, and lumbering is a winter industry in Manchuria, whose forests contain pine, oak, and elm. The bamboo is everywhere important, but especially in the south. Characteristic trees of China are the wax tree, the paper mulberry, cassia, the sweet orange, and the camphor. The southern forests supply camphor, spices, wax, and lac. Favourite trees are cultivated in pots, and the art of pruning is highly developed.

The Manufacturing Industries. Manufactures of the domestic type are of great antiquity, and the modern factory system is gradually gaining a place. It is not unreasonable to predict that China will acquire a high position in the manufacturing world in the future. Silk, cotton, and the fibre are worked up by women either at home or in small establishments. In the manufacture of china (at King-techen), porcelain, fans, lacquered ware, gongs, card-cases, and antique bronzes, and in gold and silver filigree work, and ivory carvings, the Chinese exhibit wonderful skill in planning and great patience in production (a characteristic of Eastern nations). European influence is seen in the erection of cotton mills at Shanghai, Hangchow, Ningpo, and Wenchau, and of filatures for winding silk from cocoons at Shanghai and Canton. Soap factories are established at Nanking, and at the large centres flour and rice mills are beginning to supersede the native methods of treating rice and wheat. Han-yang, near Hankow, has large iron-works, supplied with ore from the Fa-yeh mines. The future development of China it would seem, must largely be of an industrial character, and a rapid multiplication of population on the coalfields will follow this development.

Communications. The difficulties in the way of communications in China — poor roads, few railways, the barriers of mountains and highlands, and the impediments to river navigation — limit the exports of the country. Few roads are fit for cart traffic in the south, the wheelbarrow being the chief wheeled vehicle. In the north, cart traffic is more common, but the change for the carriage of goods strictly limits the amount of traffic in bulky commodities. Water is the most important means of communication, and the Yangtze-kiang, the great inland waterway, is unrivalled in the world in the length of navigation it affords for ocean steamers through a densely peopled region. Hankow (700 miles up the river) can be reached by vessels of over 1,000 tons burden, and steamers of 600 tons can ascend to Ichang (above 1,000 miles from the river's mouth). Above Ichang rapids impede navigation. The Sikiang is navigable for large vessels as far as Wuchow, and small boats continue the navigation almost to the frontier. In the north the Pei-ho and its tributaries are important, but the Hwang-ho can only be navigated by small boats, owing to rapids and shallows. Human porters and pack animals are the chief means of transport where boats cannot be used, and where railways are lacking. The canal system shows high development, and in the Grand

or Imperial Canal, China possesses the longest canal in the world (700 miles). This important waterway runs from Hangchow in the south to Tientsin in the north, uniting the lower Yang-tze-kiang and Hwang Rivers. Much of it has fallen into bad repair, but its southern section still forms a fine navigable waterway for boats of 5 ft. draught and over. Railways were long opposed by the official classes, and regarded with dislike by the people generally, but the opposition now has been broken down. Western ideas are spreading, and there is evidence that the Chinese are realising the importance of railways. About 7,000 miles of railway are now open, the most important lines of which lie in the north, and over 2,000 miles more are projected or in course of construction. Peking is connected with Tientsin and Hankow to the south, and with the Trans-Siberian line in the north by the Manchurian railways. Short lines connect (a) Shanghai with Wusung, (b) Kiauchow to Tsinan, and (c) Peking to Kalgan. The following railway schemes have received official sanction: (a) Hankow to Canton, (b) Peking to Shanghai and Ningpo; and (c) Hangchow to Ningpo. In February, 1898, the Chinese Government agreed that all internal waterways should be open to both foreign and native steamers, but the value of this concession has been somewhat diminished by the regulations since issued. The railways of China have been built mainly with foreign capital, although recently the Chinese have not shown themselves unwilling to invest in what has been proved to be a profitable enterprise.

Commerce. Most of the commerce of China is internal, and the foreign trade is almost wholly conducted at certain treaty ports, where foreign merchants may reside and own property, and where ships are allowed to load and discharge cargoes. Of these, there are upwards of thirty, including all the chief seaports and most of the river ports. Shanghai and Canton are the busiest treaty ports, and the fortified British possession of Hong Kong is a most important commercial gateway to China, a considerable proportion of the imports and exports passing through it. The exports to foreign markets consist of raw silk and silk products, tea, sugar, straw, hides, pottery, furs, tallow, wool, bristles, oil seeds, peas, beans, hair, paper, mats and matting, and bamboo-ware. Cotton goods are the most important import, followed by hardware, opium (fast decreasing), petroleum, rice, sugar, coal, woollen goods, and fish. Most foreign trade is with the United Kingdom, British colonies, the United States, Japan, Russia, Belgium, and France. Overland trade with Siam and Burma passes through Tai-fu, with Tibet through Chengtu on the Min, with Central Asia through Langchow, and with Mongolia and southern Siberia through Peking. An extensive coasting trade is carried on by British and other foreign as well as Chinese vessels.

Trade Centres. The chief trade centres are the seaports, river ports, and the agricultural, mining, and route centres. Although no reliable statistics of population are available, there are at least twenty towns with populations exceeding 100,000.

TREATY PORTS: *Shanghai* (800,000), the busiest of all the treaty ports, the outlet of the Yang-tze-kiang Valley, the great *entrepôt* of Northern China, and the chief Chinese arsenal, stands on a small tributary of the Yang-tze-kiang, known as the Wusung or Hwang-pu. A bar at the river mouth presents vessels of very large draught from reaching

the port, and some, consequently, unload at Wusung. Silk and tea are its principal exports.

Canton (1,250,000) the most important southern treaty port, is situated on the northern bank of the Chu-Kiang, or Pearl River. Its situation on a very productive tropical delta is comparable with that of Calcutta, and it has excellent communications by water in different directions. Large ocean vessels, however, are unable to reach the town with full cargoes, and have to lighten at Whampoa, 14 miles below the port. Silk and tea are the chief exports. A large proportion of the population live in boats moored on the river.

Tientsin (850,000), the port of Peking, and the northern terminus of the Grand Canal, stands on the Peiho River. It can only be reached by coasting steamers, and owes its importance to the traffic on the inland waterways, and the railway and caravan traffic.

Fuchow (650,000), the capital of Fokien, is situated at the mouth of the Min. Silk and tea are largely exported.

Chungking (600,000), the chief river port of Szechwan, is situated at the confluence of the Siao-ho with the Yang-tze-kiang.

Sukow (500,000), on the Grand Canal, is an important silk market.

Hankow (900,000) is the great tea port, the most important river port, a railway terminus, and the outlet and inlet of Hupe, Hunan, Szechwan, and Kwichau. It commands one of the greatest waterway junctions in China—the confluence of the Yang-tze-kiang and the Han.

Hangchow (350,000) is the southern terminus of the Grand Canal, and an important silk-manufacturing centre.

Nanking (300,000), on the Yang-tze-kiang, is a silk and cotton centre. Its strategic position made it in former times the capital of China.

Ningpo (300,000), on Hangchow Bay, is the outlet for the silk district of Che-Kiang.

Changsha (275,000), on the Siang-kiang, is the capital of Hunan, and commands the rich lowlands of the Lungting basin.

Chenkiang (200,000) is situated at the lowest place on the Yang-tze-kiang suitable for a great harbour. It is an important river and canal junction.

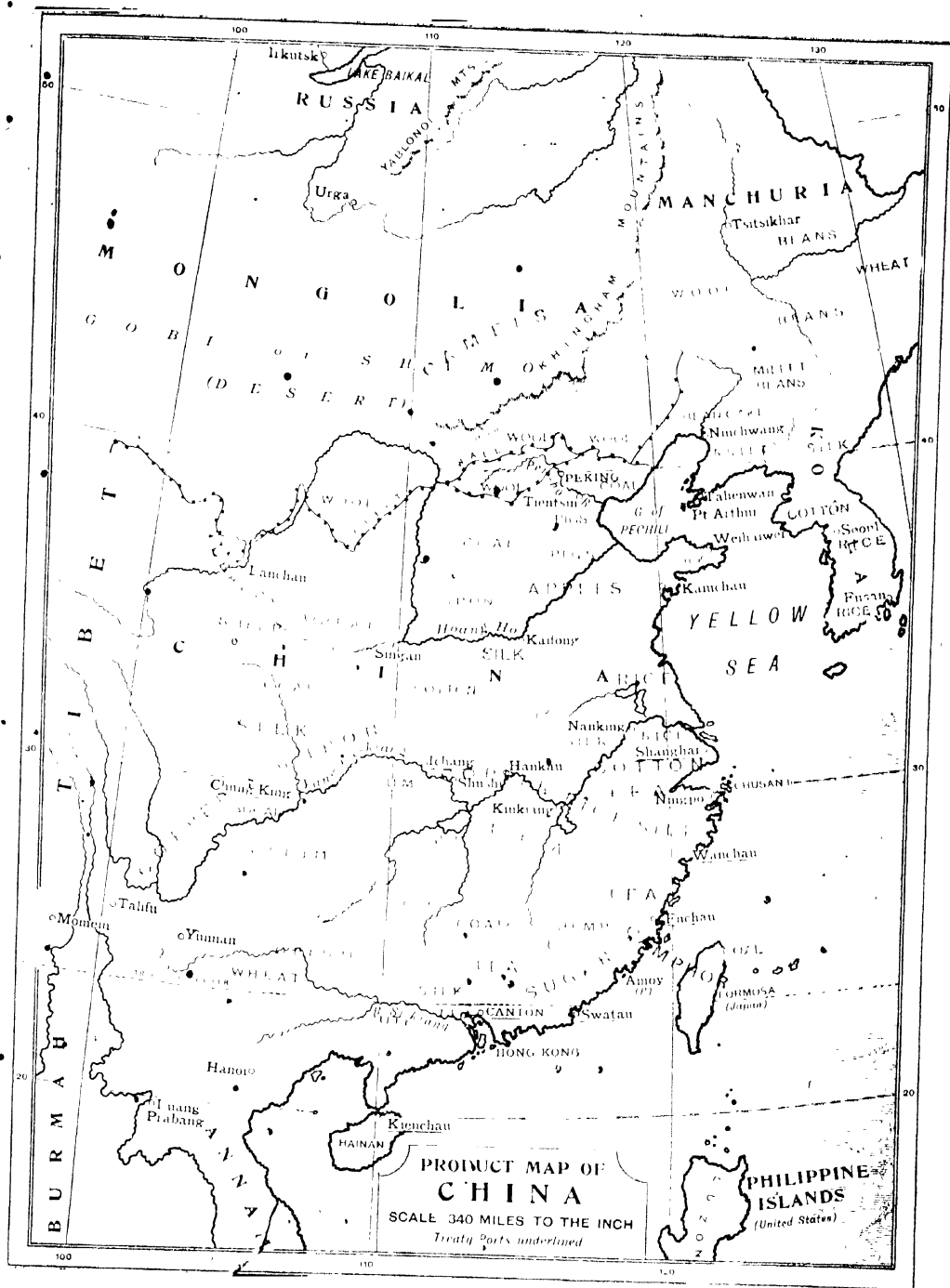
Huhu (150,000) on the Yang-tze-kiang, is the port of Nanking.

Amoy (120,000), in the south-east of Fokien, is an important tea port, and possesses a fine harbour. Some other treaty ports are: Wuchow (outlet of the plain of Kwang-si), Shasi (cotton market), Chifu (commanding the southern entrance to the Gulf of Pechili), Swatow (outlet of Kwang-Tung), Ichang (river port at the lower end of the Yang-tze-kiang gorges), Nicuhwang (Manchurian port, with its harbour at Ying-kay), Wenchau, Kuikiang, Yochau, Lungchau, Mengtse, Suamo, and Momein.

NON-TREATY PORTS: *Peking* (1,000,000), the capital of the Chinese Empire, is really two distinct cities, one Manchu and the other Chinese. Its site is of strategic importance, as it commands routes into Mongolia, China Proper, and Manchuria. Cold dust-laden winter winds sweep over the dreary alluvial sandy plain on which the city is built.

Siangtan, on the Siang in Hunan, is the centre of a great drug-growing region.

Singan, in the Wei Valley, is the capital of Shensi, and a great route centre. It will most probably become a great railway centre in the future.



Chengtu, the capital of Szechwan, is situated in a rich alluvial plain, where irrigation is easy.

Other Centres. *Tanchou*, on the south bank of the Hwang-ho, is a route and tobacco centre. Its tobacco factories belong to the capitalists of Singan.

Kai'eng, the capital of Honan, lies on the great road from Peking to Hankow.

Taiyuen, the capital of Shansi, commands the central and widest of a series of valleys running from north to south.

Tsinan, the capital of Shantung, stands a short distance from the Hwang-ho. It has rail connection with Tsingtau.

Manchurian Towns. Mukden (the capital), Nuchwang (treaty port), Port Arthur, Tachenwan, Dalm (railway terminus, in the occupation of Japan), Girin (Kirm, on the Sungari), Harbin (railway junction), and Hiehling and Tsitsihar (river ports).

Mongolian Towns. Uiga (the capital and caravan centre) and Maimachin (frontier market).

Towns of Chinese Turkestan. Kashgar (the capital and chief trade centre), Yarkand (trades with Kashmir, and is noted for jade), Kulja (caravan centre), Khotan (oasis town), and Kuia.

Towns of Tibet. Lhasa (the capital) and Yatung (frontier market).

Foreign Possessions in China. **BRITISH:** *Hong Kong* ("Sweet Water"), a British Crown Colony, is an island about the size of Holyhead Island, lying east of the mouth of the Canton River, and only separated from the mainland by a channel half a mile wide. It was acquired in 1841. The chief city (Victoria) possesses a fine harbour, and the island is not only the headquarters of the British naval squadron in Chinese waters, but is also a great commercial emporium, an absolutely free port, and a very important strategic point, since it commands the approach to Canton. It is the principal distributing centre for European products in the Far East; its chief imports are cotton goods, and its chief exports tea, silk, sugar, and hemp. Its population is about 450,000, and one third of these are British subjects.

The Kaulun (Kowloon) Territory, on the mainland opposite to Hong Kong, is a strip of the Kaulun Peninsula. It was acquired in 1861, and was added to in 1898. It is attached to Hong Kong.

Waihaiwei, on the north side of the peninsula of Shantung, was leased to Britain in 1898. Its position is important strategically.

Portuguese: *Macao* is an island at the mouth of the Canton River, and is the only Portuguese possession in China. It has belonged to Portugal since 1586. Macao, its capital, is a healthy town. As a commercial colony, its prosperity is not great, but the islands of Taipa and Coloane, under Portuguese administration, are important fishing centres.

French: France obtained, in 1898, a ninety-nine years' lease of *Kwang-chau-wan*, on the Lich-Chau Peninsula, opposite the island of Hainan. It is under the direct authority of the Governor-General of French Indo-China.

Japanese: At the close of the Russo-Japanese War of 1904-5, the territory in the Liao-tung Peninsula, leased by Russia from China, was transferred to Japan, and Russian influence in Manchuria was checked. Port Arthur (naval station) and Dalny (free port) are now in Japanese possession.

In 1898, Germany secured a ninety-nine years' lease of *Kiau-chow*, on the south side of the Shantung Peninsula, which possesses a fine harbour. It quickly became a formidable fortification, and

might have proved a great menace to the peoples of the Pacific. In 1916, however, it was captured by the Allies and restored to China.

People and Government. The Chinese are a mixed people. At base, however, they belong to the Mongoloid stock. Nomadic pastoral Manchus and Mongols entered the country at various remote periods, and spread their language, institutions, and ideas with remarkable success. The typical Chinese is about 5 ft 4 in in height, and has long and straight hair, a yellow skin, narrow oblique eyes, and high and prominent cheekbones. He is temperate, frugal, cheerful, polite, hardworking, wonderfully patient, slow to anger, and, contrary to general opinion, honest in business. Three religions are acknowledged by the Chinese: Confucianism (ancestor worship), Taoism (in the pure form encourages quietness and contemplation), and Buddhism (enlightened Brahminism). All these religions teach respect for authority and established order, and that obedience to parents is one of the highest duties. Many Chinese profess and practise all three religions. Mohammedanism has a few million believers in the north-west and south-west, and Christianity, which has, as yet, gained only a few thousand converts, promises increase. Education is in a backward state, but the recent Western educational movement is gradually undermining the old confined study of Chinese classical literature. Chinese writing is not alphabetic, but ideographic, hence a knowledge of the language is difficult to acquire. The highly centralised Government was formerly imperial, and the dignity of emperor was hereditary in the reigning family, but not by any fixed rule of descent. Up to the revolutionary upheaval in 1911, the dynasty was of Manchu origin, and dated from 1644. Under the new republican *regime* the government of the provinces of China Proper is entrusted to civil and military governors who are responsible to the central government at Peking. In Tibet, Chinese authority is represented by two Ambans, who have charge respectively of foreign and military affairs, but the head of the Government is the Dalai Lama, who acts through a minister appointed by the Chinese Government from among the chief Tibetan Lamas. Mongolia and Turkestan are administered through native Ambans, controlled by Chinese mandarins, and the principal centres are garrisoned by Chinese troops. The progress of Western education, the establishment of the republican form of government, the growth of national as distinct from provincial aspirations, the increase in railways, the formation of a native Press, the desire for economy and efficiency in the army, and the reforms in administration, and the present upheavals all point to an awakened China, and the possibility of a great future. Many countries will be affected when China shall be developed, some in one way and some in another, but it is to be hoped that the new democratic China will come not as an enemy to the West, but as a peaceful partner in the world's progress.

Mails are despatched to China once a week. Peking is 11,770 miles distant from London. The time of transit via the Siberian Railway (when in working order) is about 14 days, via the Suez Canal 39 days. To Shanghai the time is about 18 days via the Siberian Railway, 27 days via Vancouver, and 32 days via Brindisi.

CHINA CLAY.—(See KAOLIN.)

CHINCHILLA.—A South American rodent, less than a foot in length, and valuable on account of

its soft, grey fur. Thousands of skins are imported annually from Peru and Chili, and are much in demand for coats, muffs, etc.

CHINESE WHITE.—A permanent white pigment, much valued in the arts, where it has completely displaced white lead, which was unsatisfactory owing to its lack of permanence, the white colour giving place to brown on exposure to the atmosphere. Its chemical symbol is ZnO .

CHINTZ.—The plural of "chint," a Hindoo name for a species of painted calico. The term is now applied to a variety of highly-glazed calico, painted with many coloured patterns on a white ground. It is used as a covering for furniture.

CHIRETTA.—A mountain plant of North India. It is exported to Europe in a dried state, and is used in making bitters, as a substitute for gentian, and for medicinal purposes, mainly as a tonic and febrifuge. It is also known as *chirata*.

CHIROGRAPH.—This means a handwriting. It was an old form of deed written in two parts upon the same piece of parchment. Between each part there was a blank space, and right along that blank space the word "chirographer" was sometimes written. The two parts were then separated by the parchment being cut with an irregular line through the word, and each party to the document received one of the parts. Each of the parts would, naturally, contain only portions of the letters of the word, and when the two parts were brought together again, the fitting in of the wavy line and completion of the word "chirographer" proved that the one deed was the counterpart of the other. (See *INDENTURE*.)

CHITTAGONG WOOD.—The wood of a species of cedar, which owes its name to the district in Bengal where it grows. The name is applied by cabinet-makers to various beautifully veined and mottled woods.

CHLORAL.—An oily liquid, with a pungent odour, discovered by Liebig in 1831. It is formed when anhydrous alcohol is acted upon by dry chlorine. The name is often applied incorrectly to the white crystalline substance consisting of equal portions of chloral and water, and known as chloral hydrate. Pure chloroform is obtained from chloral hydrate and caustic potash. Chloral is hypnotic in its action. It is also used as an antidote in cases of strychnine poisoning.

CHLORATE OF POTASH.—The potassium salt of chloric acid. It is prepared by the action of chlorine gas upon a warm solution of chloride of potassium, in which solution slaked lime is suspended. When mixed with charcoal or sulphur it is highly explosive. Its uses are numerous. It is employed in the preparation of fireworks, of oxygen for limelight, and of safety matches. A compound made up of 20 per cent. of the material and 80 per cent. of fulminate of mercury form the explosive body of the commercial detonator, largely used in mining and warfare for cartridges and fuses.

Chlorate of potash is also of medicinal value in cases of sore throat.

CHLORINE.—A greenish-yellow, heavy, incom-bustible gas, with a suffocating odour. It occurs in nature in combination, most commonly in salt of sodium chlorate, and may be obtained in the process of converting common salt into caustic soda or sodium carbonate. Chlorine is mainly employed for bleaching cotton and linen, but it is also used in the preparation of compounds which are valuable medicinally and in the arts. It also formed the

basis of most of the poison gases used in the Great War, 1914-18.

CHLORODYNE.—A mixture of opium, chloroform, prussic acid, ether, peppermint, and other ingredients used as an intoxicant and also as an opiate. It is employed successfully in cases of severe internal pain, but should be administered only to adults.

CHLOROFORM.—A heavy, mobile, colourless liquid, with a peculiar smell and a sweetish taste, discovered in 1832. For commercial purposes it is usually prepared from alcohol, bleaching powder, and slaked lime, but for internal administration the compound is purified by further treatment with sulphuric acid. It was first used as an anæsthetic in 1847, and its employment for this purpose has long been general. It is also applied externally in liniments, etc. Its chemical symbol is $CHCl_3$.

CHOCOLATE.—The well-known sweetmeat prepared from the seeds of the tropical plant *Theobroma Cacao*. The seeds, mixed with water, are ground into a paste, which provides the cocoa of commerce. A portion of the fat is then removed, and chocolate is obtained by sweetening and flavouring the preparation. It is very nutritious owing to its fatty, starchy, and nitrogenous constituents, and is a popular beverage when mixed with water or milk. Great Britain annually imports tremendous quantities of cocoa (*qv*), mainly from the West Indies, though the manufactured product comes chiefly from France, Germany, and Switzerland. The making of chocolate is also an important industry in England itself.

CHOSSES IN ACTION.—Personal property of an incorporeal nature, of which a person has not the actual or constructive enjoyment, but merely a right to recover the same by an action at law. Common examples of choses in action are debts, warrants, insurance policies, mortgages, and bills of exchange. Those things of which a person has not only the right of enjoyment, but also the actual enjoyment, are called "choses in possession." The word "choses" is the French for "things."

Choses in action were not assignable at common law, but now, following the rule in equity, and by the provisions of various statutes—especially the Judicature Act, 1873—an absolute assignment may be made in writing, signed by the assignor, of which notice is given to the other party to the contract. (See *ASSIGNMENT*.) Unless the debt, etc., assigned is a negotiable instrument, the assignee takes the assignment subject to the equities, i.e., any defences which were available against the assignor are equally available against the assignee.

CHOSSES IN POSSESSION.—(See *CHOSSES IN ACTION*.)

CHRISTMAS BOXES.—The name for gifts which are given in great profusion at the end of each year. So long as these gifts are open and above board, there is no harm in them, but if it is shown that the gifts are, on account of their magnitude or for other reasons, of a corrupt character, the giver and the receiver run the risk of offending against the law, which prohibits secret commissions. (See *COMMISSION, SECRET*.)

CHROMIUM.—A metallic element noted chiefly for the compounds derived from it. The most important of these are—

1. Oxide of chromium, to the presence of which in the emerald the beautiful green colour of that stone is due. It is also known as chrome green, and is used in colouring wall papers and in painting porcelain.

2. Chromate of lead, or chrome yellow, used in the dyeing of cotton materials. The pigments obtained from it vary in colour from pale yellow to orange and red.

3. Bichromate of potash, valuable in photographic processes, and as an excitant in primary batteries.

An addition of chromium hardens steel. Chrome steel is largely used for crankshafts of aeroplane engines, and other parts subjected to great strain.

Chromium occurs chiefly in chrome iron ore, and is found abundantly in Sweden, Hungary, and America.

CIDER.—A beverage obtained from the fermented juice of apples. Special fruit is now cultivated for the purpose. The apples are crushed and ground to a pulp, which is then drained, the juice being poured into casks, where it ferments while exposed to the air. The liquor is then run off and collected, but should not be bottled for at least twelve months. Wood or stone vessels should be used throughout the process, care being taken to avoid the employment of metal in any form, owing to its poisonous properties. There are rough and sweet ciders, but the best sort is mellow and resembles wine. It contains from 5 to 10 per cent. of alcohol. "Champagne cider" is a sweetened variety, which is bottled before fermentation is completed. In Normandy and the Channel Islands cider is a very popular drink, but there is not much trade in the article, as it is mainly kept for home consumption. Worcester, Hereford, Devonshire, Somerset, and Gloucester are all engaged in the manufacture of cider, which is also made in Germany and the United States.

C.I.F.—(See C.F.I.)

CIGARS AND CIGARETTES.—(See TOBACCO.)

CINCHONA.—An important genus of evergreen trees indigenous to South America, but now cultivated in India, the East and West Indies, New Zealand, Queensland, and in other parts. The flowers are fragrant, but the value of the trees lies in their bark, which yields the bitter alkaloid quinine and kindred substances. The trees are cut as near to the roots as possible, and are sometimes uprooted. The bark is then stripped off, dried, and packed. The quinine obtained from it has been used in Europe since the middle of the seventeenth century as a stimulant, tonic, and febrifuge, and larger quantities are imported every year. The cinchona bark is also known as Peruvian bark, Jesuits' bark, China bark, and Quinquina, the old Peruvian name being "quinaquina."

CINEMATOGRAH SHOWS.—By an Act passed in 1909—the Cinematograph Act—county councils and borough councils are empowered to grant and to transfer licences with respect to premises used for the exhibition of pictures or other optical effects by means of a cinematograph or other similar apparatus, for the purposes of which inflammable films are used. Each council can make its own regulations, subject to the supervision of the Home Secretary. The granting of licences is generally in the hands of the local justices. The owner of the apparatus and the occupier of the premises where a cinematograph show takes place are liable for any contravention of the provisions of the Act, the fine being a maximum of £20, or imprisonment without hard labour in default of distress. If the place of exhibition is of a movable character, a general licence may be taken out, but notice must be given

to the authorities of the district in which a performance is to take place, so that local requirements may be complied with.

The Act has no application to cinematograph shows in private houses, but it probably applies to clubs.

CINNABAR.—Sulphide of mercury, consisting of about 86 per cent. of mercury and 14 per cent. of sulphur. It is the ore which forms the principal source of the mercury of commerce. It occurs either in dark red masses, or in brilliant crystals, and, when powdered, forms the pigment known as vermilion, which, however, is often prepared artificially. Cinnabar is obtained from Almaden in Spain, Idria in Austria, California, and more recently from Germany, China, and Japan.

CINNAMON.—The spicy bark of the *Cinnamomum Zeylanicum*, an aromatic plant of the laurel order, grown chiefly in Ceylon. The stripped bark is dried and rolled into quills, which form bundles weighing about 88 lbs. Cinnamon is used in medicine as a stomachic and astringent, and is valued in cookery as a condiment. Its properties are due to the volatile oil contained in the bark. In colour it is reddish.

CIPHER or CYPHER.—A secret kind of writing. Cablegrams and telegrams are frequently written in cipher to ensure secrecy. (See CABLES AND CABLEGRAMS.)

The word is also used to signify the figure 0 in arithmetical operations, and as a verb, with the meaning "to work sums."

CIPHER KEY. The key to the cipher used in secret writing.

CIRCUITS.—The divisions of England and Wales for assize purposes. The circuits, which were reconstituted in 1875, are eight in number—

(1) **South-Eastern.** Cambridge, Essex, Hertford, Huntingdon, Kent, Norfolk, Suffolk, Surrey, and Sussex.

(2) **Midland.** Bedford, Buckingham, Derby, Leicester, Lincoln, Northampton, Nottingham, Rutland, and Warwick.

(3) **Oxford.** Berks, Gloucester, Hereford, Monmouth, Oxford, Shropshire, Stafford, and Worcester.

(As far as the practice of barristers is concerned, the city of Birmingham forms a part of both the Midland and the Oxford circuits.)

(4) **North-Eastern.** Durham, Northumberland, and Yorkshire.

(5) **Northern.** Cumberland, Lancashire, and Westmoreland.

(6) **Western.** Cornwall, Devon, Dorset, Hampshire, Somerset, and Wiltshire.

(7) **North Wales.** Anglesey, Carnarvon, Chester, Denbigh, Flint, Merioneth, and Montgomery.

(8) **South Wales.** Brecknock, Cardigan, Carmarthen, Glamorgan, Pembroke, and Radnor.

It will be noticed that Middlesex is not included in any circuit. Cases—civil and criminal—arising in Middlesex and London are tried in London—the former at the Law Courts in the Strand, and the latter at the Central Criminal Court (*q.v.*).

Assizes are held in the counties comprised in each circuit for civil and criminal cases twice a year, and once, in addition, for criminal cases only, except in certain counties, when both civil and criminal work is taken. Civil work is taken only at Birmingham, Bristol, Cardiff (or Swansea), Leeds, Liverpool, and Manchester. The first two are held in the early spring and the summer, the last in the winter. There is also an Easter assize for Yorkshire

and Lancashire, but criminal cases alone are tried at Leeds during the Easter assize.

The above were the rules in vogue as to circuits in general until the year 1908, when a grouping of counties was essayed. This did not prove a success. Then efforts were made to get civil as well as criminal cases tried more than twice a year at certain places. There was, however, no stability about this plan, and it was also unsatisfactory. No doubt extensive changes will be made in the near future, as a strong feeling is expressed in various quarters that the old system is entirely out of date, and, however important it may have been at one time to bring the administration of justice home to the people in various parts of the country, this has been altered entirely by the modern facilities of travelling, etc.

Although it is not absolutely necessary for him to do so, a barrister who intends to practise invariably joins one of the circuits. Generally speaking, he must do so within two years of the date of his call, and after once joining a circuit he cannot change over to another unless there are exceptional reasons advanced, and then the matter rests with the circuit men, who are really uncontrolled in the question of acceptance or rejection. No barrister can practise on the circuit of which he is not a member unless he receives a special fee in addition to the ordinary fee marked on his brief; and, in any case, a junior of the circuit must be briefed with him. The rule applies only to practising at Assizes or Quarter Sessions. A barrister can always appear, if briefed, at any County Court in the Kingdom or at any petty sessional court, whatever circuit he is attached to, or even if he is attached to no circuit at all.

CIRCULAR LETTER OF CREDIT.—This is an order given by a banker or other person, at one place, to his agent in another place, authorising the latter to pay to a particular individual a certain sum of money. Owing to its vagueness, a Letter of Credit is not a negotiable instrument, and, therefore, payment of the sum named in it cannot be legally demanded by any person other than the one named in it.

The following is a specimen Circular Letter of Credit—

Circular Letter of Credit—
Not available after. . . 19
No.
Date 19

Gentlemen—

We beg to introduce to you . . . to whom you will please furnish such funds as . . . may require up to the aggregate amount of . . . pounds sterling against . . . sight drafts on our Head Office, London, each draft to be plainly marked as drawn under this Letter of Credit, No. and to be signed in accordance with specimen signature, which you will find on our Letter of Indication of the same number to be produced herewith.

We engage that such drafts shall meet with due honour, if negotiated within . . . months from this date, and request you to buy them at the rate at which you purchase demand drafts on London.

The amount of each draft must be inscribed on the back of this letter. The letter itself must be cancelled, and attached to the final draft drawn.

We are, Gentlemen,

Your obedient servants,

To Messieurs the Bankers

mentioned in the Letter of Indication,
which must be produced herewith.

N.B. The bearer, for purposes of security, is requested to carry this Letter of Credit apart from the Letter of Indication.

On the back of the Letter of Credit particulars of the various payments must be noted, viz—

Date when paid; by whom paid; name of town where paid; sterling amount expressed in words; amount in figures.

When a Letter of Credit is issued, the amount is debited to the customer's account and credited to a separate account to meet drafts drawn by the grantee.

CIRCULAR NOTES.—These are letters or notes which are issued by banks for the convenience of travellers abroad, and which can be cashed at the offices of the correspondents of the issuing bank, a list of which is given to the person to whom the circular notes are granted. This list is generally contained in the Letter of Indication (*qv*) which is issued by the banker at the same time that the circular notes are issued.

Circular notes may be for amounts of, say, £10, £20, or £50. It is not usual to issue circular notes for less than £10, though some agencies do so for so small a sum as £5.

The following is a specimen of a circular note—

London, 19
No.
Circular Note for Ten Pounds (£10)

Gentlemen—

This note will be presented to you by whose signature you will find in our Letter of Indication, No. to be produced herewith. We request you to pay to order the value of Ten Pounds at the current rate of exchange against proper indorsement.

Your obedient servants,

Messieurs the Bankers

mentioned in our Letter of Indication

On the back of the note is printed—

£10 At sight pay to the order of Ten
Pounds value received at this day
of 19
(Sign here)

A circular note is exempt from stamp duty, but the form on the back of the note, being the same as a foreign bill, requires a stamp of 2d, if on demand or at sight, or not exceeding three days after date or sight; if otherwise, the usual *ad valorem* foreign bill stamp is required.

CIRCULATING ASSETS.—(See ASSETS.)

CIRCULATING CAPITAL.—(See CAPITAL.)

CIRCULATING MEDIUM.—The medium by which exchanges, of purchases and sales, are effected. The name is applied to gold and silver coin, paper, or any other article employed as the measure of the value of other things. It is scarcely possible to imagine a people without a circulating medium of some kind, and, accordingly, even amongst the most savage tribes, there exists some articles to which they refer as a measure of wealth, whether the articles be slaves, skins, or cowry-shells. (See CURRENCY.)

CITRIC ACID.—A name derived from "citron," citric acid being obtained from the juice of various acid fruits resembling the citron, chiefly lemons and

limes. The boiled juice is filtered and treated with chalk and slaked lime. The resultant calcium citrate is a white, insoluble powder, which is decomposed by dilute sulphuric acid. The clear, colourless, crystalline substance known as citric acid is obtained by evaporation. It has a pleasant, acid taste, and has many uses both in medicine and for domestic purposes. A refreshing drink is made from it. Its principal salts, which are known as citrates, are the citrates of potash, magnesia, iron, and ammonia respectively. Citric acid is also useful in the dyeing of silks and for discharging the mordant in calico-printing. Its chemical symbol is $H_3C_6H_5O_7$.

CITRON.—The large lemon-like fruit of the *Citrus medica*, a native of India. The tree has beautiful foliage and sweet-smelling flowers, but it is chiefly valued for the thick, fragrant rind, which is much used in cookery, generally in a candied state. The oil of citron and oil of cedar yielded by the citron are employed in perfumery. The tree is now cultivated with great success in the southern peninsulas of Europe, which do the chief export trade in this article.

CITY REMEMBRANCE.—(See REMEMBRANCE, City.)

CIVET.—A small, carnivorous animal, also known as the civet cat, which inhabits Africa, China, Bengal, and the Malay Archipelago. It is valuable for the oily substance with the strong, musky odour, which is secreted by a double pouch near the tail. This substance is also known as civet, and is much used in perfumery. The animals are kept in captivity, and the secretion is obtained by periodically emptying the scent pouch. Cow horns, containing 1 to 3 lbs., are used for purposes of exportation.

CIVIL LAW.—In its strict legal sense, this term is generally used to mean the whole body of the old Roman Law. In a secondary sense, it means that body of law which deals with the cases of dispute which exclusively concern individuals, and which do not affect the State. In this secondary sense the term is opposed to criminal law (*q.v.*)

CIVIL LIST PENSIONS.—Under the provisions of the Civil List Act, 1910, pensions are granted by the State to the amount of £1,200 per annum to persons who have attained eminence in their respective walks of life, but who are in reduced or straitened circumstances. The recipients of this bounty may also include the relatives of such eminent persons after the latter are dead, if the former were in any way dependent upon them for support.

CIVIL SERVICE.—The Civil Service, as the name implies, consists of servants, not necessarily clerks, of the Crown who perform duties of almost every description, except those of a purely naval or military character.

In strictness, the term should include only permanent, pensionable officials, but, in practice, boy clerks, clerks in district probate registries, personal clerks in the Board of Trade, valuers under the Land Valuation Act, hired accountant clerks and writers in the Admiralty, clerks to surveyors of taxes, and many other officers who are paid by the State, are also included in the term; while postmen and metropolitan police officers should be, but are not.

The chief Government offices are in the neighbourhood of Whitehall, London; but Somerset House, the best known centre of employment, is in the Strand; the largest—the new General Post

Office—stands on the site of Christ's Hospital in Newgate Street, and the Custom House, the British Museum, the Post Office Savings Bank, the Royal Observatory, and the Imperial Institute are miles apart. In Edinburgh and Dublin most of the Government offices are in or near George Street and the Castle respectively, while Wales has none excepting the usual Inland Revenue offices, post offices, and prisons.

In dealing with His Majesty's Civil Service, it is neither desirable nor necessary to go back to the origin of things and trace the steps by which the various departments have developed into the efficient organisations they are to-day.

It will suffice to explain that prior to 1855 the English Civil Service was entirely recruited by nomination, a very elementary qualifying examination, conducted by the head of the department to which the nominee had been appointed, being the only test of fitness which the intellect or finesse of the early nineteenth century had been able to evolve.

In the year 1855, however, the Civil Service Commissioners were appointed, and it is their duty to test, by examination and otherwise, the fitness of every civil servant for the post to which he aspires. It was not, however, until 1870 that the principle of open competition was applied to certain appointments in public departments, a principle which was—and, we think, wisely—being continually extended until some fifteen years since, but then there arose a tendency to remove appointments from the list of open competitions and fill vacancies by nomination. There is for this, and for every other human scheme, much to be said on both sides, and, if it is conceded that the student who passes the most creditable literary examination is not always the most efficient and businesslike official, it is certain that the best possible civil servant does not exist among the partisans of any political party, and that an open competitive examination places both candidate and examiner beyond the suspicion of favouritism.

The enactment which forms the Magna Charta of the Home Civil Service is the Order in Council of January 10th, 1910 (obtainable of Messrs. Wyman & Sons, for 3d). This repealed all previous orders relating to entrance into and conditions of service in the Home Civil Service, and re-enacted, with a few amendments, existing provisions. Owing to the outbreak of war, however, in 1914, great changes have had to be made in order to meet the demands of the State, and now there is a campaign of economy opening which cannot fail to affect the Civil Service as well as every other department of State. The following article, therefore, points out what was the condition of affairs a few years ago, and it is expected to be able to give in the Appendix a full account of the Civil Service quite up-to-date. The present conditions are, of course, altogether abnormal.

Class I Clerkships (Home Civil Service). The most highly paid clerical appointments in the Civil Service at present recruited by competitive examination open to all natural born or naturalised subjects of His Majesty are clerkships (Class I), for which the age limits are over twenty-two and under twenty-four years, and the salary scale is £150 or £200 (according to the department), rising to £1,000, with excellent prospects of promotion.

The Intermediate Appointments. The Intermediate Appointments come next in importance,

and of these there are at present 1,478 posts, vacancies in which are filled by an examination certainly less difficult than that imposed upon Class I. clerks, but not more difficult to pass, if both the scope of the papers and the keenness of the competition be considered, than the Second Division. The age limits for the Intermediate are over eighteen and under nineteen and a half years, and the salary scale is £100, rising by annual increments of £10 or £15 to £350, with the healthiest prospects of promotion. More than half of the existing Intermediate clerks must, in the ordinary course of nature, be promoted to posts of the annual value of from £500 to £1,000, and one-fifth of the whole number must ultimately attain to salaries between £700 and £1,000.

The Second Division. The next examination in point of excellence is the Second Division, a class consisting of over 3,300 members, for which the entrance age is over seventeen and under twenty years, and the salary scale £70, rising to £300. This examination includes in its syllabus a modern language and elementary mathematics, and does not differ very materially from that prescribed for clerkships of the Intermediate Class. Both are intended to be within the reach of youths who have been educated at the better known secondary schools.

Assistant Clerks. Another large class of civil servants is the assistant clerk, or Abstractor Class. These are employed on routine and other duties inferior to those of the Second Division and superior to those of the boy clerk. There are, at present, two registers of assistant clerks competing for their appointments at the ages of seventeen to eighteen and nineteen to twenty-one years, according as they became boy clerks under the old scheme (age limits, fifteen to eighteen years) or the new (fifteen to sixteen years). The subjects set to competitors and the papers are the same, but the salary scales are £55 to £150 and £45 to £150 respectively. The number of vacancies is approximately 300 annually.

Boy Clerks. The lowest rank of the employees of a typical Government department is the boy clerk. He passes an examination in six elementary English subjects, but must take at least one modern foreign language, mathematics, or science. The age limits are now over fifteen and under sixteen years, the hours are thirty-nine per week, and the pay is 15s. per week in the first, and 16s. per week in the second year of service. Boy clerks are not retained in the service after attaining their eighteenth year, but, as all the vacancies for assistant clerks are reserved for them, there is no reason why any boy clerk should fail to secure an appointment in the permanent Civil Service.

Some or all the foregoing classes are employed in the typical Government department, and they form the clerical staff of the Admiralty, Chief Secretary's Office (Ireland), Civil Service Commission, Colonial Office, Customs and Excise, Foreign Office, Home Office, India Office, Inland Revenue, Post Office, Privy Council Office, Office of the Secretary for Scotland, Board of Trade, Treasury, War Office, and Office of Works.

Customs and Excise Officers. There are other classes of civil servants, amongst them over 6,000 Customs and Excise officers, most of whom enter as assistants of Customs and Excise, but some (those in the Customs Preventive Service) pass a single examination after nomination by the Treasury.

Assistants of Customs and Excise are paid £50 on entry, rising to £80 (by annual increments of £5) per annum, and an officiating allowance of 2s. per day when actively employed, an additional £36 10s., promotion from assistant to second class officer usually taking place after four to five years' service. The assistant of Customs and Excise thus obtains a commencing salary of £86 10s. at from nineteen to twenty-two years of age. Nine hundred and sixty-seven preventive men receive from 18s. to 33s. per week, becoming preventive officers (445), £95 to £200, chief preventive officers (22), £200 to £400, assistant inspectors, £450 to £550 (2); and inspector (1), £600 to £650. The figures in brackets are the numbers in each class, and are quoted to show the prospects of promotion.

Post Office. The Post Office Service is recruited partly by open competitive examination, and partly by competitions limited to persons already serving in lower or temporary positions, and by time-expired Army and Navy men and Reservists, and the maximum salary attainable by a sorting clerk and telegraphist (male) is 59s. per week.

There are, in some Government departments, medical officers; solicitors; draughtsmen, engineers; chemists, schoolmasters; veterinary inspectors, inspectors of coals; geologists; shorthand writers, librarians; lithographers; analysts; architects, fossil collectors; organisers of kindergarten, cookery, and laundry; printers, town-planning assistants, doorkeepers; ushers; searchers of cotton marks, pole inspectors; hundreds of clerks distinguished from the rest by a prefixed adjective such as principal or first-class, and many thousands who are described just as clerks, and are paid much lower salaries.

Females in the Civil Service. The chief appointments open to women in the Civil Service are: Women and girl clerks, female sorters, girl messengers, and female typists in the General Post Office, sorting clerks, telegraphists, and telephonists everywhere in the United Kingdom; and there are a few female clerks in the Board of Education, England. Most of these posts are open to public competition, but female learners in small provincial towns, telephonists and female typists in offices other than the General Post Office, are still nominated by the Postmaster-General, or, in the case of female typists, by the Head of the Department in which they serve.

The chief Civil Service appointments abroad are: The India Civil Service, for which the average number of vacancies is about fifty-four annually, and the average number of competitors 179, not a very keen contest, but the successful men are invariably university graduates in Honours, and they sit at the ordinary Civil Service Class I examination.

The India Forest Department and the India and Colonial Police Departments are both excellent services, the former requiring an Honours degree in natural science and nomination by the Secretary of State for India, the latter being recruited by an open competitive examination held in June each year.

Eastern cadets pass the Class I examination and are appointed to the Civil Services of Ceylon, Hong Kong, the Straits Settlements, and the Federated Malay States, and aspirants to the General Consular Service, whence come our consuls and vice-consuls, are nominated by the Secretary of State for Foreign Affairs, and then pass an examination

(limited to about thirty-six nominated candidates for, say, six appointments) in English subjects; French, German or Spanish, Law, and Political Economy.

The regulations governing all Open Competitive Examinations in the Civil Service can be obtained from the Secretary, Civil Service Commission, Burlington Gardens, London, W; those relating to nomination appointments can only be obtained from the head of the department in which the appointment exists, and most of the Colonial Civil Services are recruited in the Colony only. In this connection it may be noted that the Canadian Civil Service Commission is at Ottawa, and that of Cape Colony is at Capetown, and so on.

Vacancies in the English Civil Service will be found advertised in the chief daily papers on Thursdays, and they are invariably notified also in *Pittman's Journal*, and in other periodicals devoted to education and commercial training.

Perhaps the factor which attracts men and women to the English Civil Service most forcibly is the superannuation scheme. All female civil servants obtain, after certain service, a gratuity or dowry on marriage, when they must resign their appointments, or a pension on retirement (at the age of sixty or for ill-health) of one-sixtieth of final salary, multiplied by the number of years served, subject to a maximum of forty-sixtieths, and all male civil servants (subject to certain service) obtain about a year's salary down (this gratuity is paid to the legal representative of a man who dies in harness) and a pension of one-eightieth of final salary, multiplied by the number of years served, and subject to a maximum of forty-eightieths.

CLARET.—The general name given to the light, red wines of the Gironde, sometimes known as Bordeaux wines, as they are mostly shipped from that port. There is a great variety in quality, some clarets being thin and inferior, while others are noted for their flavour, body, and aroma. Among the latter, one of the best is Château Lahtte. Claret contains from 9 to 14 per cent of alcohol. Excellent clarets are now produced in California. Generally speaking, the name applies only to the inferior sorts of light dinner wine.

CLASSIFICATION OF GOODS FOR TRANSIT BY RAIL.—By the Railway and Canal Traffic Act, 1888, it was laid down that—

"Every railway company shall submit to the Board of Trade a revised classification of merchandise traffic, and a revised schedule of maximum rates and charges applicable thereto, proposed to be charged by such railway company." This Act was followed in 1891 and 1892 by several Railway Rates and Charges Acts, which set out the charges to be made for the conveyance of goods by railway and the classification of such goods. In practice, however, the actual charges for the carriage of goods are in accordance with the "General Railway Classification of Goods and Merchandise," published by the railway companies.

The entries are divided into eight classes, designated A, B, C, and 1 to 5. The rates are calculated at per ton for certain distances plus an addition for "terminals," i.e., the use of buildings and plant ("station terminals"), and for labour in loading, unloading, etc. ("service terminals").

At first, this General Classification was in strict accord with the classification laid down by law, but many amendments have since been made.

It is an elaborate classification, as will be seen from the short extract shown below—

GOODS.	CLASS.
Cotton, felted, or pulp (for filtering Beer)	2
Cotton, raw, in press-packed bales	1
Cotton, raw, c o h p ¹	2
Cotton, Collodion, wet, containing not less than 35 per cent of water, in waterproof inner packages, contained in strong iron-bound wooden cases	5
Cotton, Collodion, wet, in bottles packed in cases	5
Cotton Bandings, for driving Spindles	2
Cotton Belting, for driving Machinery	3
Cotton Mill Sweepings, not oily, in 2-ton loads	1
Cotton Powder Nos. 1 and 2, or 100ite— (see Special Classification)	
Cotton Seed Oil— In casks or iron drums, round or tapered at one end	1
E o h p	3
Cotton Seed Oil Refuse, in casks or iron drums	C
In less lots than 2 tons	1
Cotton, Silicate, or Slag Wool— In casks, bags, bales, or cases	C
In less lots than 2 tons	1
E o h p	2
Cotton Linc Clips, packed	C
Cotton Waste, not oily, for paper making, hydraulic or steam press-packed	C
Cotton Waste, not oily, not for paper-making, hydraulic or steam press packed	1

It is, of course, impossible here to give a detailed list of the classifications, but a copy of the General Classification can be obtained from any railway company at a charge of 1s.

The 1888 Act also provided that, at any time, any railway company, and any person upon giving not less than twenty-one days' notice to the railway company, may apply to the Board of Trade to amend any classification by adding to it any article not already provided for. The Board of Trade will, thereupon, classify such article and publish its decision in the *London Gazette*.

In the case of an unclassified article, three courses are open to the forwarder:

1. He may simply leave the classification to the railway company. In this case, the article will, in the first place, be included in the company's list of unclassified articles, and then, later on, be added to the General Classification at the instance of the railway company, being put in the class which they think best.

2. He may apply to the particular company with which he does business, and arrange with them as to the classification.

3. In case there is any difference of opinion between the trader and the railway company, the application must be made to the Board of Trade by letter. Following the despatch of this letter, notice of the application must be advertised in the *London, Edinburgh, and Dublin Gazettes*, in one of the principal morning newspapers published in London, Edinburgh, and Dublin, and in one or more trade papers; and must also be given in writing to the

¹ Except otherwise herein provided.

Secretary of the Railway Companies' Association. The notice of the application must state that objections to or representations regarding the application must be addressed to the Railway Department of the Board of Trade within twenty-one days of the date of the advertisement, and that a copy of such objections or representations should at the same time be sent to the advertiser. Copies of the advertisement must be forwarded to the Board of Trade.

It should be noted that there are two rates quoted for the carriage of goods by rail—company's risk (C.R.) rate, and owner's risk (O.R.) rate. In the former case, the responsibility for any loss or damage, etc., rests solely upon the company, but when goods are sent at owner's risk, the company is liable only when the damage results from wilful misconduct on the part of the company's servants. The O.R. rate is, naturally, considerably less than that charged for goods sent C.R.

(See CONSIGNMENT OF GOODS BY RAIL.)

CLAY.—Essentially a compound of silica and alumina, but often containing, in addition, lime, iron, and other substances. The mineral is seen in its purest form in kaolin, or China clay, from which porcelain is manufactured. It is obtained by the crumbling of the felspar found in granitic rock (see ALUMINA). Cornwall supplies the kaolin for the Worcester china factories. It is also found in France, Saxony, the United States, China, and Japan. Other varieties are pipeclay, fireclay, and potter's clay (*q.v.*). The name "clay" is often loosely applied to all kinds of earth that may be easily moulded. Common clay is of great value to the agriculturist on account of its fertilising properties. It is also employed in the manufacture of bricks, coarse earthenware, etc.

CLAYTON'S CASE.—(See APPROPRIATION OF PAYMENTS.)

CLEARANCE.—(a) **Of Vessels.** A certificate given by the collector of a port, in which it is stated that the master (naming him) of a ship or vessel named and described, bound for a port named (and having on board goods described, in case the master requires the particulars of his cargo to be stated in such clearance), has entered and cleared his ship or vessel according to law. This certificate or clearance evidences the right of the vessel to depart on her voyage; and clearance has, therefore, been properly defined as a permission to sail. The same term is also used to signify the act of clearing. An officer of customs must not grant a clearance or transire until the master of the ship has declared her national character. A ship fitted or intended for the carriage of steerage passengers as an emigrant ship is not to clear outwards or proceed to sea until the master has obtained from the emigration officer at the port of clearance a certificate for clearance, that is to say, that all the requirements of Part III of the Merchant Shipping Act, 1894, so far as the same can be complied with before the departure of the ship, have been duly complied with, and that the ship is in his opinion seaworthy, in safe trim, and in all respects fit for her intended voyage, and that the steerage passengers and crew are in a fit state to proceed, and that the master's bond has been duly executed. If the emigration officer refuses to grant such certificate, the owner or charterer of the ship may appeal in writing to the Board of Trade, and that Board shall thereupon appoint any two emigration officers, or any two competent persons, to examine

into the matter at the expense of the appellant. The master of every ship, whether an emigrant ship or not, which is intended for the carriage of steerage passengers, or which carries steerage passengers on a voyage from the British Islands to any port out of Europe and not within the Mediterranean Sea, or on a Colonial voyage, must afford to the emigration officer at any port in His Majesty's dominions, and in the case of British ships, to the British consular officer at any port elsewhere at which the ship arrives, every facility for inspecting the ship, and for communicating with the steerage passengers. If the master of a ship does not comply with this provision he is liable to a penalty of £50.

If any emigrant ship, after clearance, is detained in port for more than seven days, or puts into or touches at any port in the British Islands, she must not proceed to sea again until (a) there has been laden on board such further supply of pure water, wholesome provisions, and medical stores as is necessary to make up the full quantities of those articles required; and (b) any damage which the ship has sustained has been effectually repaired; and (c) the master of the ship has obtained from the emigration officer a certificate for clearance to the same effect as the certificate for clearance at her port of departure. If this provision is not complied with, the master is liable to a fine of £100. If any emigrant ship, after clearance, puts into or touches at any port in the British Islands, the master must, within twelve hours, report in writing his arrival, and the cause of his putting back, and the condition of his ship and of her provisions, water, and medical stores to the emigration officer at the port, and must produce to that officer the master's list of passengers. If the master fails to comply with this provision, he is liable to a fine of £20. If the owner of an emigrant ship is aggrieved by the refusal of an emigration officer of a certificate for clearance, he may appeal to a court of survey for the port or district where the ship for the time being is. Where a survey of a ship is made for the purpose of a certificate for clearance, the person so appointed to make the survey shall, if so required by the owner, be accompanied on the survey by some person appointed by the owner, and in such case if the said two persons agree, there is no appeal to the court of survey. If any emigrant ship (a) proceeds to sea without the master having obtained the certificate for clearance; or (b) having proceeded to sea, puts into any port in the British Islands in a damaged state, and leaves or attempts to leave that port with steerage passengers on board without the master having obtained the proper certificate for clearance, the ship shall be forfeited to the Crown, and may be seized by any officer of customs if found within two years from the commission of the offence in any port in His Majesty's dominions. The Board of Trade may release, if they think fit, any such forfeited ship, on payment, to the use of the Crown, of such sum not exceeding £2,000 as the Board specify.

(b) **Of Goods.** This is a service which is undertaken by a shipping agent, consisting in the performance of certain duties connected with the receipt or despatch of goods passing through the Custom House, etc.

CLEARANCE INWARDS. — (See SHIP'S CLEARANCE INWARDS.)

CLEARANCE OUTWARDS. — (See SHIP'S CLEARANCE OUTWARDS.)

CLEAR DAYS.—A specified number of days reckoned exclusively of the first and the last day.

CLEARING BANKS.—The members of the London Bankers' Clearing House. Representatives of each clearing bank meet at the Clearing House and exchange cheques drawn upon the members or upon the country correspondents of members, or other London banks for which they are agents.

The present members are—

Bank of England
Bank of Liverpool & Marine, Ltd
Barclay's Bank, Ltd
Coutts & Company
Glyn, Mills, Currie & Company
Lloyd's Bank, Ltd
London County Westminster & Parr's Bank, Ltd
London Joint City & Midland Bank, Ltd
London Provincial & South-Western Bank, Ltd
National Bank, Ltd
National Provincial & Union Bank of England, Ltd
William & Devon's Bank, Ltd

(Coutts' Bank has been absorbed by the National Provincial and Union Bank of England, as from January 1st, 1920)

CLEARING HOUSE, BANKERS'.—As is well known a crossed cheque cannot be cashed over the counter of the bank upon which it is drawn. It must be paid through another banker. Consequently, every banker gets into his possession a considerable number of such crossed cheques, and it is a part of his business to arrange for their collection. It is almost certain, in the present state of banking, that every bank will be the holder of several cheques drawn on every other bank, and the problem in the past was how to effect an exchange without the necessity of messengers from the various banks visiting the indebted establishments, which meant a great waste of time and no small risk. Moreover, when differences had to be paid, i.e., when the total amounts of the cheques to be exchanged were not the same, there was needed a considerable sum of money in order to liquidate the debts. The establishment of the Bankers' Clearing House, which dates from 1775, put an end to these difficulties, and at the present time exchanges of immense sums of money are effected without the use of a single coin.

In a small country town, there will probably be but one or two banks. If bank A receives a crossed cheque drawn upon bank B, at the appointed time for clearing the former will send to the latter to receive payment. The amount will be paid in cash or by draft, sometimes by a draft drawn upon London. Of course if bank B holds a crossed cheque drawn upon bank A, before any payment is made the difference in the amounts of the cheques will be ascertained and the indebted bank will pay simply the difference. This illustration refers to the simplest case, when there is but one cheque on each side. But the method of settlement is similar if there are several cheques to be dealt with. Also the same kind of work can be done even when the number of banks is increased. Of course, as far as cheques drawn upon banks in other towns are concerned, these cannot be cleared in this manner, but must be sent to a London agent, the clearing being then carried out in London.

In some of the larger towns it has been found convenient to establish a fixed place at which the representatives of various banks meet together at stated times instead of each representative visiting

every other bank upon which he holds a cheque. These persons on meeting exchange their various cheques, and the difference in the amount which has to be paid is settled by means of a cheque drawn upon the local bank which manages the clearing—generally a branch of the Bank of England. These places of meeting are the Country Clearing Houses, and the cheques dealt with are those drawn upon banks situated within the towns themselves and a limited district around. At the present time there are Clearing Houses at Birmingham, Bristol, Leeds, Leicester, Liverpool, Manchester, Newcastle-on-Tyne, Nottingham, and Sheffield.

The Bankers' Clearing House, which is situated at Post Office Court, Lombard Street, is the great place in which cheques drawn upon London banks are cleared, as well as those cheques which are sent up from the country by bankers in one town when the cheques are drawn upon bankers in other towns, outside the districts which have Clearing Houses of their own. Each Clearing Bank (*q.v.*) sends a representative to the Clearing House at the time fixed by the rules (see below), and he meets the representatives of all the other banks with whom he has to do business. The business is not connected exclusively with the bank which he actually represents, but also with every other bank which is represented in any way by any of the Clearing Banks in the capacity of agent.

The procedure is roughly as follows: Each representative hands over the cheques he holds upon the other banks, and receives in turn the cheques drawn upon the bank which he represents. Take any one representative as an example. The cheques which he receives are known as the "in" clearing, those which he hands out as the "out" clearing. It is obvious that at the end of the transaction it would be quite possible for the difference in the total amounts of the "in" and "out" cheques to be settled by payment, as indicated above in the case of the Country Clearing. But the whole affair is carried out in a much simpler fashion. There is what is known as a "summary sheet," and in it are set out in two separate columns the total amounts which are due to or owing by all the other members of the Clearing House. The totals are settled at the end of each day, and each bank which is indebted causes a transfer to be effected in the books of the Bank of England in respect of the account which each Clearing Bank must of necessity have there.

On top of page 358 is a specimen of the summary sheet in use.

The difference between the two columns is the net balance either to be received or to be paid. When the balance is due to be paid, that is, is against a bank, the bank transfers the amount due from its account at the Bank of England to the Clearing Bankers' account. The transfer is effected by means of a *white* ticket similar to form No. 1. (see page 358.)

If the balance is due to be received, the bank obtains a transfer of the amount from the Clearing Bankers' account to its own account at the Bank of England, by a *green* transfer ticket signed by the bank and an inspector of the Clearing House, as shown in form No. 2. (see page 358.)

• Scotch and Irish cheques are not cleared through the London Clearing House. There is, however, a clearing house in Edinburgh, in Glasgow, and in Dublin.

BARCLAYS BANK, Limited.

DEBTORS.

CREDITORS.

Bank
London County, Westr & Parr's,
Lomb St.
London County, Westr & Parr's,
H O
Lloyds
London Joint City & Midland
ditto Princes St
Bank of Liverpool & Martin
National
National Provincial
Courts
Union
Williams
Country Clearing
Metropolitan Clearing
C H

FORM No. 1. (White)

SETTLEMENT AT THE CLEARING
HOUSE.

London, 19

To the Cashiers of the BANK OF ENGLAND,

Be pleased to TRANSFER from our Account
the sum of and
place it to the credit of the Clearing Bankers, and
allow it to be drawn for, by any of them (with the
knowledge of either of the inspectors, signed by
his countersigning the Drafts)

£

SETTLEMENT AT THE CLEARING
HOUSE

BANK OF ENGLAND, 19

A TRANSFER for the sum of
has this evening been made at the
Bank, from the account of
to the Account of the Clearing Bankers
For the Bank of England,

£

This Certificate has been seen by me,

Inspector.

FORM No. 2 (Green)

SETTLEMENT AT THE CLEARING
HOUSE

London, 19

To the Cashiers of the BANK OF ENGLAND,

Be pleased to CREDIT our Account with the
Sum of out of the money at
the credit of the account of the Clearing Bankers

Seen by

Inspector at the Clearing House.

SETTLEMENT AT THE CLEARING
HOUSE

BANK OF ENGLAND, 19

The account of has
this evening been CREDITED with the sum of
out of the money at the credit
of the account of the Clearing Bankers

For the Bank of England,

The total amount of cheques, bills, etc., which
passed through the Clearing House—

		Daily Average
in 1839 was	£954,401,600	£3,066,600
" 1868 "	£3,425,185,000	£10,978,200
" 1907 "	£12,730,393,000	£41,467,100
" 1911 "	£14,613,877,000	£48,071,900
" 1913 "	£16,436,404,000	£53,538,800
" 1918 "	£21,197,512,000	£69,728,600

The enormous financial operations during the war

are responsible for the great increase in the last few years.

There are four clearings each day, viz.: Metropolitan, Town (morning), Country Cheque, and Town (afternoon).

Cheques with "T" printed on the left-hand bottom corner are included in the Town Clearing; those with "M" are included in the Metropolitan Clearing; and those with "C" are included in the Country Clearing.

The fourth day of a month, when so many bills are payable, and the Stock Exchange settlement days, are very busy times in the Clearing House.

"RULES AND REGULATIONS TO BE OBSERVED AT THE CLEARING HOUSE"

"ORDINARY DAYS, EXCEPTING SATURDAYS"

"Morning clearing to open at 10 30 a.m.

"Drafts, etc., to be received not later than 11 a.m.

"Afternoon clearing to open at 2 30 p.m. Drafts, etc., to be received not later than 4 5 p.m. Returns to be received not later than 5 p.m., excepting on settling days and the first six working days in January and July, when the last delivery shall be 4 15 p.m. and returns 5 30 p.m.

"Saturdays. Morning clearing to open at 9 a.m. Drafts, etc., to be received not later than 10 15 a.m.

"Afternoon clearing to open at 12 noon. Drafts, etc., to be received not later than 1 30 p.m. Returns to be received not later than 2 30 p.m.

"Exceptions. With the exception of the first two Saturdays in January and July and the first Saturday in April and October, when the time shall be 1 45 p.m. for the last delivery and 2 45 p.m. for returns.

"Further Exceptions for Returns. Returns on the first Saturday in January and July to be not later than 3 p.m.

"April 1st, June 30th, October 1st, December 31st, the day succeeding a Bank Holiday, and on such other days as the Honorary Secretary may determine.

"On these days the time shall be 4 15 p.m. for the last delivery, and 5 15 p.m. for the last returns, except when either of these days is a Saturday, when the time shall be 1 45 p.m. for last delivery and 2 45 p.m. for the last returns.

"General Rules. The total amount of the morning and country delivery shall be agreed by each clearer before leaving the Clearing House.

"All clerks that are in the Clearing House by the time appointed for final delivery shall be entitled to deliver their articles, though they may not have been able to pass them to the different desks before the clock strikes.

"All returns in the Clearing House upon the stroke of the clock, at the time appointed for final delivery, must be received by the clearers and credited the same day. The inspectors are instructed to close the doors and not re-open them until such returns have been delivered.

"Any bank which has accepted and paid an article returned to it in error may require repayment through the Clearing House on the following day.

"Notice shall be entered upon a board at the Clearing House, giving monthly statements of those settling days at the Stock Exchange, upon which the time for receiving returns is to be 5 30 p.m.

"With regard to all drafts not crossed, and all bills not receipted, sent to the Clearing House as returns, the clearer holding them must fully announce the particulars to the Clearing House, and if not claimed, the case must be represented to the inspectors; but on no account can the clearer be allowed to debit the Clearing House with the amount until an owner can be found.

"No return can be received without an answer in writing on the return why payment is refused.

"It shall be sufficient in order that a return shall be received and credited, that it shall have on it an answer why returned; and no clearer shall refuse to pass to credit any return that shall be so marked.

"All the differences arising from marked articles

of £1,000 and upwards must be finally ascertained and placed to account, before the clearer makes up his balance sheet.

"No clearer shall be allowed to charge out drafts in the Clearing-out Book at the Clearing House.

"All differences of more than £1,000 that may have been accidentally passed over at night, shall be settled by a transfer at the Bank of England, the first thing the next morning.

"The inspectors are charged with the preservation of order and decorum in the Clearing House, and are instructed to report to the Committee of Bankers disorderly conduct on the part of any persons, calculated, in their opinion, to obstruct the adjustment of the business of the House.

July, 1905

"Rules for the Conduct of a Clearing of Country Cheques in London. 1. A clearing to be held in the middle of each day for the interchange, among the London bankers, of cheques on their correspondents in the country, placed in their hands for collection.

"2. Each London banker to remit for collection to his country correspondents the cheques drawn upon them, saying: 'Please say if we may debit you £ for cheques enclosed.'

"3. Country bankers wishing to avail themselves of this clearing to remit their country cheques to their own London agent, to stamp across them their own name and address, and that of their London Agent.

"4. Any country bank not intending to pay a cheque sent to it for collection, to return it direct to the country or branch bank, if any, whose name and address is across it.

"5. Each country banker to write by return of post to its London agent in reply: 'We credit you £ for cheques forwarded to us for collection in yours of . Adding in case of non-payment of any such cheques, having deducted £ for cheque returned to Messrs.

to Messrs. at , and £ returned at

"BANKERS' CLEARING HOUSE,

June 27, 1893

"The Inspectors respectfully point out the necessity of exact adherence to the above rules."

"Country Cheque Clearing. Additional Rules to be Observed. Country Clearing to open at 10 30. Drafts, including returns, to be received not later than 12 30, except on Saturdays, when the time shall be 10 o'clock for the opening, and 11 30 for the last delivery, including returns. The door to be closed on the stroke of the clock, as in the Town Clearing.

"(It is required that all banks shall make a delivery as near to 10 30 as possible, on ordinary days, and 10 o'clock on Saturdays. In no case shall the first delivery be later than 10 45 on ordinary days, and 10 30 on Saturdays. The remaining deliveries at necessary intervals.)

"All the clearing to be entered at the Clearing House.

"Castings of about fifty entries to be given with all the early deliveries of the out-clearing.

"(It is expected that the last castings will be given to the in-clearers not later than five minutes after the last delivery of cheques.)

"All charges to be agreed at the Clearing House on the day of the work, and the clerk responsible for the out-side shall make it his business to go to

the desk of the clerk entering his charge on the in-side for this purpose.

"It shall be necessary for the in-clearer to retain for the inspection of the out-clearer the cheques of any casting, or any particular cheque in which a difference occurs.

"All wrongly delivered cheques discovered before the out- and in-clearers agreeing any charge have left the Clearing House, shall be adjusted by the clearers, but any discovered after either clearer has left the House shall not be deducted from the already agreed amount, but shall be entered on the debit side of lists provided for the purpose, the cheque or cheques to be sent to the proper forwarding agent, who shall also enter them on the credit side of the list provided; these lists to be handed to the Clearing House inspector on the morning following, and it shall be his duty to agree the same. The total of these lists to be brought on to the end of the balance sheet.

"The balance sheet, together with the particulars of the out- and in-sides, shall be handed to the inspector on the morning following the day of the work, and it shall be his duty to check the balances, and to call attention to any charge that may differ, as soon as possible.

"BANKERS' CLEARING HOUSE,

"July, 1905"

"**Metropolitan Clearing.** *Rules* The Metropolitan Clearing to open at 9 a.m. on ordinary days and 8.45 a.m. on Saturdays. Drafts on the branches of the clearing banks and of the London and Provincial Bank included in the Metropolitan Clearing area to be received not later than 10.30 a.m. (Greenwich time) on ordinary days and 9.50 a.m. (Greenwich time) on Saturdays.

"It is requested that the first delivery be made immediately on the opening of business, subsequent deliveries at frequent intervals, and that every effort be made to avoid heavy deliveries at the last moment.

"All the 'in' clearing to be entered at the Clearing House.

"The agreement of charges to take place as soon as possible after the 'in' side has been entered.

"The drafts are to be sent to the head offices when entered, and not to be detained at the Clearing House until the charges are agreed.

"Marked articles and missing cheques are to be looked up on the 'out' side. If a difference is for £1,000 and upwards, the particulars, if available, to be given to the paying bank the same day, and every effort is to be made to settle the difference forthwith. If particulars are not available, the settling of the error may be held over to the following day.

"All differences in the Metropolitan Clearing to be adjusted as quickly as possible through the Town Clearing.

"Returns in the Metropolitan Clearing must be delivered at the Clearing House through the afternoon Town Clearing at the earliest possible moment, but not later than 4.5 p.m. on ordinary days and 1.30 p.m. on Saturdays.

"It will be permissible for a bank to pay any of its metropolitan branches under protest on Saturdays, when necessary.

"Bills, included in remittances to branches, that avail themselves of the protest rule, if dishonoured and received too late to return to the collecting banker, must be protected by the returning banker.

"Dishonoured cheques, from a branch paid under protest, received by the head office or agent too late

for delivery at the Clearing House or to the head office of the presenting bank, must be returned by post direct to the crossing bank or branch, and debited at the Clearing House on the next business day by slip as used in the Country Cheque Clearing.

"Wrongly delivered drafts are to be adjusted as far as possible before agreeing the charges. No alteration is to be made in the total after agreement.

"Drafts wrongly delivered in the Metropolitan Clearing, but payable through the Town Clearing at the bank to which they have been presented, if discovered too late for adjustment at the Clearing House, may be transferred internally without reference to the Clearing House.

"Drafts wrongly delivered payable through the Metropolitan Clearing and discovered too late for adjustment in the Clearing House are to be debited on sheets provided for the purpose, the cheques to be placed in envelopes addressed to the paying bank and delivered to the inspectors at the Clearing House as quickly as possible, but not later than 10.45 a.m. (Greenwich time) on ordinary days, and 10 o'clock (Greenwich time) on Saturdays.

"The inspectors will use all diligence in despatching these envelopes in the hope of catching the collecting messengers before they leave the head offices. It is not intended that these messengers should be delayed on account of this delivery, and should they have left the head offices with the charges the wrongly delivered articles shall be returned to the presenting banker.

"Drafts wrongly delivered in the Metropolitan Clearing payable in the Country Cheque Clearing, discovered too late for adjustment in the Clearing House, to be debited to the crossing banker on the sheets above referred to. These cheques to be sent to the inspectors of the Clearing House in envelopes addressed to the presenting banker not later than 10.45 a.m. on ordinary days and 10 o'clock on Saturdays.

"All wrongly delivered drafts received in the Clearing House envelopes to be entered by the banks accepting on the credit side of the lists provided. These lists to be handed to the inspectors not later than 2.30 o'clock on ordinary days and 1.30 o'clock on Saturdays. The totals of debit and credit sides of these sheets to be entered on Town balance sheet in the place provided, and agreed with the inspectors before closing.

"Machines will be allotted for use in the Metropolitan Clearing under the following conditions—

"The 'in' clearing to be entered as quickly as possible.

"Agreement of charges is not to be attempted at the expense of entering.

"The machines are to be surrendered without delay after entering is finished, and adjournment to the Country Cheque Balance Room or Ground Floor for the purpose of agreeing is requested.

"Banks wishing to use the Clearing House machines for listing to their branches must surrender these machines not later than 10.45 a.m. on ordinary days and 10 o'clock on Saturdays.

"The totals of each side, viz: 'out' and 'in' of the Metropolitan Clearing are to be added to the amount of the Morning Town Clearing in all cases, and it is the duty of the Town clearers to see this is done before calling their final totals at mid-day.

"The general rules of the Clearing House shall be observed in so far as they apply.

"BANKERS' CLEARING HOUSE,

"January 3, 1907."

As to payments under protest in connection with the Country Clearing, see **PROTEST PAYMENTS**.

CLEARING HOUSE, RAILWAY.—An association established in 1842, and afterwards regulated by an Act of Parliament, passed in 1850, called the Railway Clearing Act, by which railway companies in England and Scotland are enabled to carry on through traffic over various lines as if they all belonged to one company. From a small beginning with a staff of four clerks, it has grown to such a size that it now finds employment for more than two thousand persons. The whole of the accounts in respect of through bookings, and of similar dealings, so as to strike a balance between the various companies, are made up at the Clearing House, which is directed by a committee of delegates appointed by the companies which are parties to the clearing system.

The Clearing House also acts as a centre for the consideration of matters affecting the interests of railway companies. It supervises the arrangements for passenger traffic, classifies goods traffic, deals with the rules and regulations for the working of railways, and usually makes itself the responsible medium for the recovery of lost luggage.

The Railway Clearing House is situated in Seymour Street, close to Fuston Station, the London terminus of the London and North-Western Railway.

CLEARING HOUSE, STOCK EXCHANGE.—The official title of the Stock Exchange Clearing House is the "Settlement Department." Practically all the transactions entered into on the Stock Exchange are for settlement on the half monthly account (or settling) day, and as during the fifteen or sixteen days comprising each settlement the same amount of stock may have changed hands a considerable number of times, some method of eliminating as far as possible all the redundant middlemen from each transaction in such a way that the actual stock necessary for the completion of the settlement may pass through as few hands as possible becomes necessary. The Stock Exchange Clearing House was originally established by private enterprise under the sanction of the Stock Exchange Committee. This developed into the official Settling Department. There is no compulsion on members of the Stock Exchange to belong to the Settlement Department, but most of those who do active business are subscribers.

On the contango (or carry over) day, each subscriber to the Clearing House hands in to that institution lists of the stocks he has to take from or deliver to any other member of the Clearing House, a separate list being made out for each stock. The Settlement Department handles only those stocks which are on its list; this list comprehends only stocks in which business is active, and, to keep it within manageable limits, stocks in which dealings become few are struck out until such time as they are again handled freely, when they are reinstated. On these lists a member has to write on the left-hand side the amount of stock or the number of shares in the particular company, the name of which he has written at the head of the list, which he has to take from other members, and on the right-hand side the quantity or number he has to deliver to other members. Against each amount is put the name of the member from whom the stock or shares have to be taken or to whom they have to be delivered, as the case may be, these names being entered in alphabetical order. The

amounts are totalled, and show how many of every particular share the member has to receive and how many he has to deliver. Let us suppose that the totals disclose the fact that the member has to receive 2,000 of that particular share and has to deliver 1,500; it is clear that on balance the member has to receive from the Settlement Department 500 shares. In order that he may receive transfers for the 500 shares, it is necessary that the member should furnish the Clearing House with the name or names into which the shares are to be transferred. He will do this by means of a ticket, on which he writes his client's name as the buyer, adding his own name at the bottom of the ticket as payer of the purchase money. This ticket is passed back to the person who sold the shares to the broker or jobber, who passes it on to the person from whom he purchased, and thus it is passed from hand to hand until it reaches the original seller, each individual through whose hands it passes writing his name on the back of the ticket. By means of these tickets the original seller is brought into direct touch with the purchaser, and all intermediary transactions are eliminated, the shares being transferred direct from one to the other without having to pass through the names of half a dozen individuals on the way, for the shares which go into the name of Mr. John Smith, the purchaser, might have been purchased from a jobber, who purchased them from another jobber, who purchased them from a broker selling on behalf of his client. By means of the Clearing House and ticket system, the shares are transferred direct from the name of their original selling client into that of the investor who last bought.

To make this clear, let it be assumed that during one account—

A (a broker) buys 100 Chartereds from B (a jobber);

B buys 100 Chartereds from C (another jobber);

C buys 100 Chartereds from D (another jobber);

D buys 100 Chartereds from E (a broker).

A has bought on behalf of a client, and E has sold on behalf of a client.

B's list shows a purchase from C and a sale to A. C's list shows a purchase from D and a sale to B. D's list shows a purchase from E and a sale to C. Thus B, C, and D's entries cancel one another, then lists being, in Stock Exchange parlance, "even." The lists of A and E are uneven, the former having to receive, and the latter to deliver, 100 Chartereds. The ticket is passed direct from A to E, the latter delivering the stock named thereon to A, thus eliminating three intermediaries.

Fines—some of them quite considerable—are imposed on members whose lists contain errors, for a mistake or omission may entail serious labour on the Clearing House staff.

CLERGYMEN AS TRADERS.—Little by little, the disabilities attaching to clergymen in various walks of life are being removed, but there are still one or two points connected with trading which require consideration. As to trading, a clergyman is restrained to a certain extent by the Pluralities Act, 1838. By Section 28 of that Act he cannot take a farm for occupation which is greater than 80 acres in extent, without the written consent of his bishop, and then he cannot take it for a longer period than seven years. The penalty is 40s. per acre for every acre of land beyond the 80 for each year he occupies the same. Again, by Sections 29-31

of the same Act, no spiritual person, beneficed or performing ecclesiastical duty, can engage in trade, or buy to sell again for profit or gain. This disability does not extend to the keeping of a school or to acting as a schoolmaster, nor to anything done in connection therewith, such as selling books, etc. An exception, however, is made in the case where a trade or business has devolved upon a clergyman as a bequest or by inheritance, by a marriage settlement, or by bankruptcy. Partly under the Pluralities Act, and partly under a later Act passed in 1841, no disabilities attach to a clergyman who is merely a member of a partnership which has at least six other members—and which therefore includes a limited company—nor (perhaps) to him if he acts as director, manager, or partner in any life or fire insurance company, or in a benefit society. The penalties attached for a first or second offence are suspension, and for a third offence, deprivation.

CLERK OF THE PEACE.—The salaried official who is appointed to direct generally all the legal matters connected with the administration of justice, in either counties or boroughs. In many cases, where the justices are not, owing to the lack of legal training, lawyers in the proper sense of the term, the clerk of the peace is practically the sole judge of the procedure, *i.e.*, as far as legal points are concerned. He is almost invariably a solicitor who has been in practice. In addition to his ordinary duties in petty sessional courts, he is responsible for the drawing up of indictments at quarter sessions.

CLIENTS.—The name generally applied to those persons who employ solicitors or counsel for professional purposes. In recent times it has become the custom to extend the term to the customers of bankers and brokers, and it is not uncommon to hear it in connection with all manner of trades.

CLIPPER.—The name given to any sailing ship built with the object of attaining considerable speed.

CLOSING AN ACCOUNT.—When it is intended to close an account with a banker, the customer should notify the fact, and on a settlement of the account a cheque should be drawn for the balance (if any) which is owing. The cheque should contain some such words as "being the balance of my account with interest to date" after the amount. In some banks, a voucher closing the account is pasted in the current account ledger at the account itself. Again, if the account of a customer remains at a very low ebb for a lengthened period, or if it is not operated upon, the banker may request him to close the account.

An account is sometimes closed at one bank by a transference to another bank, either in the same town or in some other town. A customer wishing to transfer his account to another town and not being aware of the amount of interest which is due to him, may send the banker a cheque filled up, *e.g.*—

"Pay the X & Y. Bank, Ltd., Liverpool, the balance of my account Two hundred and fifty pounds, with interest due upon the account to date," or "£ . . ." leaving the banker to supply the figures.

When an account has to be transferred from one branch to another of the same bank, it is advisable that a cheque should be signed.

Upon the closing of an account, the banker is in no way responsible to his customer for any matter connected with his banking business,

unless some special arrangement has been made with respect to the same. If a cheque is presented for payment after the closing of the account, it is returned by the banker marked "account closed."

CLOSING PRICES.—Closing prices are the quotations ruling at the close of business for the day. The official closing prices are those recorded in the Stock Exchange at 3.30 p.m., and these are the quotations which appear in most of the newspapers, although business goes on in the Stock Exchange until about 4.15 p.m., and in periods of great activity it continues outside the Stock Exchange to a later hour. This explains occasional references in the money article like the following: "Chartereds were dealt in at 45s. in the street."

The closing prices are those most regarded by the public, which has little opportunity of ascertaining the general trend of prices by any other means than afforded by the lists which appear in the daily papers; but as share quotations are liable to vary from hour to hour and sometimes from minute to minute, the closing prices can only be taken as an indication of the quotation at which business was done or was possible towards the close of business on the day in question. It is impossible for the daily papers to show all the price variations that have occurred during the day, and it is quite conceivable with an actively dealt-in security, that the closing price on Tuesday might be precisely the same as the closing price on Monday—let us say, 82—from which the uninitiated investor might conclude that the price had not changed meanwhile; in reality, business might have taken place on Tuesday at the following prices: 11 a.m., 82; 11.15 a.m., 82½; 11.50 a.m., 82½; 2 p.m., 82½; 3 p.m., 83½; 3.30 p.m., 82. In the case of some securities, variations of this nature are shown in the tape prices (*q.v.*), but this does not apply to all securities. Still, it is not every Stock Exchange security in which dealings are so frequent, and, as a general rule, the closing prices may be taken as the best possible indication of the state of the market, although it does not follow that on the opening of business next morning one will be able to deal at those prices; in fact, if the closing quotation of a certain security is such as to make it more than ordinarily attractive to buyers or sellers, as the case may be, it may, before the opening of business next morning, induce such a flow of orders, telegraphic and otherwise, as to cause business to commence at an entirely different price.

CLOSURE.—In order to interrupt prolonged and unreasonable discussion at meetings, a motion closing the debate may be put, and this, if accepted, puts a stop to the discussion and enables the matter under consideration to be put to the meeting immediately and voted upon. Such a motion may be in the form: "That the question be now put." The closure should not be used to stave legitimate discussion, it should have due regard to the rights of minorities. Such a motion is very necessary sometimes, for instance, when speeches are being made simply to delay the voting on the motion before the meeting.

CLOVES.—The dried, unexpanded flower-buds of the *Caryophyllus aromaticus*, a tree of the myrtle order, indigenous to the Moluccas. All parts of the tree are aromatic. Dried cloves are brown in colour, with a hot taste and characteristic odour. Their virtue depends on the presence of an essential oil, the oil of cloves. They are valuable in perfumery, as a stimulant in medicine, as a spice in cookery,

and for driving away moths from furs, etc. The oil is obtained by repeated distillation. When pure, it is yellow in colour. It is used medicinally, and also for scenting soap and for flavouring purposes.

For two and a half centuries cloves could only be obtained from the East Indies, where first the Portuguese, and afterwards the Dutch, had a monopoly; and the best still come from Amboyna, a Dutch East Indian island. But the tree is now cultivated in Mauritius, Réunion, the West Indies, and especially in Zanzibar.

The word "clove" is derived from the French *clou* (nail), a name given on account of the similarity of shape between a clove and a nail.

CLUBS.—It has been judicially remarked that "Clubs are associations of a peculiar nature. They are societies, the members of which are perpetually changing. They are not partnerships; they are not associations for gain, and the feature which distinguishes them from other societies is that no member, as such, becomes liable to pay to the funds of the society or to anyone else any money beyond the subscription required by the club to be paid so long as he remains a member."

Clubs may be divided into four classes—

1. **Members' Clubs.** The normal type which are referred to throughout this article, except where otherwise stated.

2. **Proprietary Clubs.** These are usually conducted with a view to profit, and the assets belong to the proprietor, between whom and the members the relation of licensor and licensee exists in reference to the club premises. The management of the club is usually vested in a committee of members, but the proprietor may at any time debar a member from the club premises (the remedy of a man so aggrieved being by an action for damages, and for re-instatement); he can sue members for refreshments supplied to them or subscriptions in arrear. If intoxicants are supplied a licence is required.

3. **Club Companies** registered under the Companies Acts, 1908 to 1917. The membership of the club and the company may be identical (the rules requiring each member to be a shareholder, and *vice versa*), or it may be different, and in the latter case the club is often a proprietary club, with the company as proprietors instead of an individual, but it may sometimes happen that the company merely owns the premises and lets them to the club, so that in such cases the company and the club are in the position of landlord and tenant. Incorporation has the advantage of placing the credit of the club and its officials on a definite footing. The liability of members may be limited either by shares or by guarantee. The necessity of each member being a shareholder or of each shareholder being a member is caused by the fact that otherwise shareholders would be making a profit out of the sale of intoxicating liquors, and then a licence would be required for the premises.

4. **Working Men's Clubs.** These may, of course, belong to either of the above classes, but they are usually registered under either the Friendly Societies Act, 1896, or the Industrial and Provident Societies Act, 1893. Registration under one or other of these Acts is very desirable, and no fee is charged for it. In each case the club obtains a definite legal existence, can acquire property, and deal with defaulting officials in a summary way, and must have its accounts kept and audited annually in a proper manner. There are certain

slight differences between the two Acts, for under the Friendly Societies Act the club has its property vested in trustees, and sues and is sued through them, while under the Industrial and Provident Societies Act the property vests in the club itself, like an individual, and the club can itself sue and be sued. Registration under this latter Act has also the advantage of enabling the club to raise money by shares, loans, or mortgages. No member of a club registered under this Act can hold more than £200 worth of shares.

A club registered under the Companies Acts can transfer to the Industrial and Provident Societies Act by a special resolution, which must be sent to the Registrar of Friendly Societies, 28, Abingdon Street, Westminster, together with a copy of the rules signed by seven members and the secretary. Copies of the resolutions, with the registrar's certificate, must be registered at office of Joint Stock Companies, Somerset House, W.C., and the transfer is then legally complete.

Constitution of Clubs and Relations of Members with one another. These matters are governed by the rules which form the contract between the members, and should, therefore, be very carefully drafted. This is especially so in the case of a working men's club registered under the Friendly Societies Act or the Industrial and Provident Societies Act, for in such a case the rules must specify the various particulars set out on a form which can be obtained gratis from the Registrar. The following are some of the points that arise most frequently in connection with the internal affairs of a club—

(a) **Election of Members.** This takes place when the rules have been complied with. A man is generally not a member until he has been elected and has paid his first subscription and entrance fee (if any). If, however, he pays these before election, he becomes a member when the fact of his election is notified to him.

(b) **Subscriptions.** These cannot be sued for by the club as a club unless it is a limited company, or registered as above mentioned; but in unregistered clubs a member may sue for subscriptions on behalf of the general body of members. In a proprietary club the proprietor can, of course, sue.

(c) **Alteration of Rules.** A club has no inherent power to alter its rules, whether as to the amount of subscription or otherwise, unless the original rules provide for alteration, when it may be made as prescribed, and the court will not interfere, even though the change is quite sweeping. If the rules contain no power of alteration, they can only be altered by the consent of all the members, and the court will protect a dissentient minority from expulsion or loss, however obstructive and unreasonable their conduct may be.

(d) **Expulsion of Members.** This is only lawful if authorised by the rules, which must be strictly followed, or the expulsion will be of no effect.

The club or the committee, whichever has power of expulsion, must arrive at its decision from some reasonable and probable cause, and the member affected must have due notice and a full opportunity of answering the charges against him. What is "reasonable and probable cause" depends on the facts of the case, and the constitution and objects of the club, but it may be said that the court will not act as "a Court of Appeal from the club's decision," so that if the rules are complied

with and due notice and an opportunity of replying given to the member, the duty of proving bad faith is cast upon him, and the cause of expulsion must be very slight for the court to infer bad faith, unless such can be proved by other evidence.

(e) *Management and Notices.* A club is managed as the rules provide—generally, in a members' club, by the committee, who have a general discretion as to the mode of service of notices. Although posting in the club will often be sufficient, the members should also be individually circularised in important cases.

(f) *Dissolution* of a club registered under the Companies Acts is governed by the ordinary rules for the winding-up of a limited company. In the case of a club registered under the Friendly Societies Act, voluntary dissolution must be provided for by the rules, and is to take place by consent of not less than three-quarters in value of the members, or if ordered by the Registrar on the grounds mentioned in the Act. If the club is registered under the Industrial and Provident Societies Act, dissolution takes place by a winding-up order under the Companies Acts or by consent of three-quarters of the members, certified by their signatures to an instrument of dissolution. If a club is unregistered, it is dissolved as provided by its rules. If they do not deal with the subject, dissolution can take place by the consent of all the members, or in pursuance of a decree of the court. The court will not interfere if the rules provide means for a dissolution, and if they do not, it requires proof of circumstances making it very undesirable to continue the club. On dissolution, the property and effects should be realised, and the surplus, after discharging liabilities, divided equally among the persons who are members at the time of dissolution. It should be noticed that every member has an equal interest in the property and assets of the club (though this is lost by resignation); and, therefore, the majority of a club cannot alienate or part with any of the property of the club without the consent of the minority, unless such alienation be incidental to the objects and proper management of the club. On the same ground of property is the remedy of a member improperly expelled. If a member is wrongfully expelled from a club with no property, he has apparently no legal remedy, but if the club has any assets, he can bring an action in the Chancery Division for a declaration that he is still a member, and entitled to share in the assets of the club.

Rights and Liabilities of Members as Regards Outsiders. The law on this subject is that members are jointly liable, and can sue on any contracts which their agents have made on their behalf, but in no other case are they liable, nor have they any right of action. Therefore, members only become liable to tradesmen if the steward or committee in giving the order were agents of the members. The officials and committee are not such agents simply by virtue of their position, but may be such if authorised by the rules, by express authority, or by the members bidding them act as such. Similar questions may arise between the committee and the officials: for if the members authorise the committee to contract, the committee cannot legally delegate their functions to officials so as to bind the members. If agency is established, the members or committeemen, as the case may be, are liable jointly for the debt.

If the committee contracts as agent for the

members without having authority to do so, the committeemen will be held to have warranted their authority, and the creditors may sue them personally.

The committeemen or trustees of a club often undertake personal liability on behalf of the club, as by taking a lease with a heavy rent and onerous covenants, or by undertaking personal liability for goods ordered by them for the club. The rules should provide for the indemnity of persons undertaking such liability, for it was held in *Wise v. Perpetual Trustee Company* that no such indemnity is implied by law, and without it difficulty may be experienced in finding persons willing to undertake such obligations. The only contractual liability which remains to be considered in this connection is that of club debentures. These, if issued by a club company, are governed by the Companies Acts, 1908 to 1917, and the general law of companies. In the case of an unincorporated club, the issue must be authorised by the rules. The trustees or committee should not undertake personal liability unless the rules indemnify them, and if no such liability is undertaken, the debentures will only be a charge on the funds and landed property of the club. The debentures must not charge furniture and personal chattels, or the security will be invalidated under the Bills of Sale Acts.

Enforcement of Obligations. A club company, or a club registered under the Industrial and Provident Societies Act, sues and is sued in its registered name, while one registered under the Friendly Societies Act, 1896, sue and is sued through its trustees. An unincorporated club cannot sue or be sued as an entity, but the rules of the Supreme Court allow one member to sue and be sued on behalf of all the others. The secretary may, of course, fill this position if a member of the club, but not otherwise.

Statutory Provisions Relating to Clubs. (a) *As to the Supply and Consumption of Intoxicants.* A members' club—whether registered or not under the Acts previously mentioned—requires no excise or justices' licence to supply intoxicants to its members. This is because such a licence is only required for a "sale" of liquor, and when a member is supplied, there is no sale of the liquor to him—for he was already part-owner of it—but a release to him of the rights in it of the other members. This reasoning, of course, does not apply if the proprietor of a proprietary club supplies intoxicants to a member, or the officials of a members' club supply them to a non-member, so that in these cases a licence is required. If supply to a member is a cloak for sale to a non-member, the transaction is an offence under the Licensing (Consolidation) Act, 1910. Clubs supplying intoxicants must, however, be entered in a register kept by the clerk to the justices of each petty sessional division, which must contain the name, address, and objects of the club, the secretary's name, the number of members, the club rules relating to the election of members, and the admission of temporary and honorary members and guests, the terms of subscription (entrance fee, if any), the cessation of membership, the hours of opening and closing, and the mode of altering rules.

The secretary is to furnish to the clerk to the justices a return signed by him (any false return by the Secretary being made punishable), giving these particulars, together with a signed statement that there is kept upon the club premises a register of the names and addresses of the club members

and a record of the latest payment of their subscriptions. Where a new club which requires to be registered under the Act is about to be opened, the signed particulars must be furnished before the opening. The Act imposes heavy penalties on the supply or sale of intoxicants in unregistered clubs, and on keeping them there for supply or sale; and they are not to be supplied in a club for consumption off the premises except to a member on the premises (i.e., a member cannot send a non-member to fetch intoxicants for him). A registered club may be struck off on written complaint to a Court of Summary Jurisdiction, if any of the grounds mentioned in the Act (e.g., gambling on the premises, frequent drunkenness, or that the premises are not conducted *bona fide* as a club) are proved to the satisfaction of the justices.

If a justice of the peace is satisfied by information on oath that there is reasonable ground for supposing that any registered club is so managed or carried on as to constitute a ground for striking it off the register, or that any intoxicating liquor is sold or supplied, or kept for sale or supply on the premises of an unregistered club, he may grant a search warrant to any constable named therein, which shall authorise such constable to enter the club, forcibly, if need be, and to inspect the premises, take the name and addresses of persons found therein, and seize any books and papers relating to the club business. Two points in connection with registration under the Act are especially notable. One that registration is a purely ministerial act and cannot be refused, the other that it does not legalise anything which was before illegal, e.g., the supply of intoxicants to non-members.

(b) *As to Taxation.* Clubs, whether incorporated or not, are subject, under the Customs and Inland Revenue Act, 1885, to an annual duty in respect of all real and personal property belonging to them, such duty being at the rate of 5 per cent. upon the annual value income or profits of such property, after deducting all necessary outgoings, including management expenses. This is known as Corporation Duty (*qv*). The Act grants exemption to property which has been owned by the club for less than thirty years, and has been acquired with funds voluntarily contributed. Entrance fees and subscriptions, however, are for this purpose not deemed to be "voluntarily contributed." Working men's clubs, if registered under the Friendly Societies Act or the Industrial and Provident Societies Act, are exempt from this duty.

Clubs are also liable to pay income tax, and the abatement granted to individuals in calculating the amount upon which the tax is to be assessed is not allowed in the case of clubs. But here, again, registration under the Friendly Societies Act exempts the club from income tax under Schedules C and D, while registration under the Industrial and Provident Societies Act confers on the club exemption under Schedules C and D, and entitles it to a rebate of £160 under Schedule A.

The Finance Act (1909-1910) imposed on the secretary of every registered club the duty, under heavy penalties, to make a true return in January of each year of the purchases during the preceding year of intoxicants to be supplied in or to the club, or on behalf of the club to its members, and every such statement is charged with an excise duty of 6d. for every £1 worth of the purchases shown therein.

(c) *As to Election.* By the Corrupt and Illegal Practices Prevention Act, 1883, premises whereon

any intoxicating liquor is sold or supplied to members of a club (other than a permanent political club) may not be used as a committee room to promote or procure the election of a parliamentary candidate, and any person hiring or using such premises for such purpose, and any person letting them, if he knew it was intended so to use the same, are guilty of an illegal hiring.

A room of a club meeting on licensed premises cannot in any case be used for such purposes, since the Acts expressly forbid it, and it is also illegal to use club premises for the purposes of a municipal election, even if the club is a permanent political one (Municipal Elections [Corrupt and Illegal Practices] Act, 1884).

(d) *As to Betting and Gaming.* A club must not be so carried on as to contravene the Acts against betting or gaming houses. The mere fact that members habitually bet with one another does not make the club a betting house, but the Act may be held to be infringed if the members do not bet indiscriminately, but are divided into backers and bookmakers, especially if the individual bookmakers have their special resorts on the club premises. A club will be held a gaming house if play for money is permitted there at any game of dice, except backgammon, or cards, except those of mere skill, or any game of mere chance, while excessive stakes at a lawful game will lead to the same conclusion. In any case, a conviction will follow if a bank is kept, or the chances of the game are not equal for all concerned in it.

The police have power under these Acts, when authorised by warrant, to enter suspected premises, and take into custody all persons found therein.

(e) *As to Amusements.* A club may in some cases require a music and dancing licence, but not if it confines admission on occasions of entertainment to members and their *bona fide* friends, paid for by the members, that is to say, the test of whether or not a licence is necessary is the indiscriminate admission of the public. Speaking generally, a licence for public dancing is required in all cases for London and the administrative county of Middlesex, but elsewhere a licence is only required if there is some local Act of Parliament to that effect, or if the provisions of the Public Health Act, 1890, have been adopted. For the sake of safety, inquiry should always be made of the local police. So, also, the club premises may (without a licence) be let for a dancing class, if only members of it are admitted. A similar test, viz., indiscriminate admission of the public, is applicable to the question of whether or not a dramatic licence is necessary. It must be remembered that a performance for which no licence is required may yet be an infringement of musical or dramatic copyright, if the representation is such as substantially to diminish the pecuniary gains of the proprietor of the copyright.

If an entertainment for children, exceeding in number 100, is provided at a club, the provisions of the Children Act, 1908, apply, and the precautions therein mentioned—chiefly relating to supervision by adults—must be taken. A constable has a power of entry to see that the Act is being properly observed.

It is probable that the provisions of the Cinematograph Act, 1909, apply to clubs; and, if so, any club intending to give cinematograph exhibitions must be licensed by the county council and otherwise comply with the Act.

COAL.—The rocky, combustible substance which

is the chief source of fuel for steam-raising and household consumption. Though a mineral, it is of vegetable origin, owing its formation to the remains of vast forests of the carboniferous period. It consists of carbon, oxygen, hydrogen, and nitrogen; but during the process of conversion from wood to coal, the percentages of the three last-named decreases almost to vanishing point, so that the coal which has reached the final stage, viz., anthracite, consists almost entirely of carbon. Coal occurs in beds varying in thickness from a few inches to several feet, and often extending over a considerable area, and the same bed may contain in different places coal in varying stages of chemical change. Silica, alumina, and similar inorganic impurities are found in varying proportion in the different classes of coal, and remain, after combustion has taken place, in the form of ash. Of the gases contained in coal, carbon dioxide ("choke-damp") and methane ("fire-damp") are the most dangerous to the miner.

The following are the chief classes of coal—

(1) **Lignite or Brown Coal**, an impure substance, with distinct traces of its vegetable origin. It leaves a great deal of ash and gives out very little heat.

(2) **Bituminous Coal**, of which there are many varieties, such as Wallsend, Derby Brights, etc. This is the coal universally employed for manufacturing and household purposes. It is compact, black, and brittle, and breaks into rough cubical masses with shining surfaces. It contains about 88 per cent. of carbon, and less than 10 per cent. of ash.

(3) **Anthracite**, which contains about 95 per cent. of carbon. It is hard, dense, and often lustrous, and does not soil the fingers. It is difficult to ignite, and burns slowly, but gives out intense heat without flame or smoke. It is particularly useful for marine engines, metallurgical operations, etc., and is increasing in favour as a household fuel, special stoves being used for its combustion. The chief supplies come from Wales and Pennsylvania.

(4) **Cannel Coal**, which is compact, hard, and lustrous. It burns with a luminous flame, and gives off much gas, and is, therefore, chiefly employed in the manufacture of coal gas.

Peat represents the intermediate stage between wood and coal, and steam coal occupies a place between bituminous coal and anthracite. Coal mining is one of the most important industries of Great Britain. Enormous quantities are annually exported, and the wisdom of this procedure, in view of the possible exhaustion of supplies, has often been questioned; but the Commissioners appointed in 1901 to investigate the matter, stated that, though they anticipated a gradual decline in the output, it would not be advisable at present to restrict the export. Owing to various causes the amount of coal actually raised and the number of tons exported fell enormously in 1919. It is impossible to say what the future of the industry as far as Great Britain is concerned will be. Mining is extensively carried on in the United States, Belgium, France, Prussia, and Russia. The coal-fields of China, India, and Canada, which are probably the largest in the world, have only recently begun to be exploited.

COAL, SALE OF.—All coal must be sold by weight; this is laid down by the Weights and Measures Act, 1889. If the purchaser consents in writing, coal may be sold to him by boat load, by

wagon, or by tub. With every quantity of coal, exceeding 2 cwt., a ticket must be delivered to the purchaser, stating the number of tons, cwt.s., or lbs.; if sold in sacks, the number of sacks must be stated. Where coal is sold and delivered in bulk, in a vehicle, the weight of the vehicle, the horse, as well as of the coal, must be weighed by an officially stamped weighing instrument. The weight of the vehicle must be marked upon the vehicle.

A seller of coals, if required to do so, must weigh the coal before he delivers it. The persons who may make the request are the purchaser, an inspector of weights and measures, or any officer appointed for the purpose by the local authority. The local authority may provide suitable instruments for weighing coal. Coal must be re-weighed, if so required, upon a properly stamped weighing instrument. If, on the re-weighing, the weight is found to be correct, the purchaser shall be liable to the payment of all reasonable costs incurred. Power is given to local authorities to make by-laws for regulating the sale of coal, and the weighing of the same. Such by-laws must be approved by the Board of Trade. An inspector of weights and measures, or other officer appointed by the local authority, may enter any place where coal is kept for sale, and may stop any vehicle carrying coals to a customer, may test the weights, and may weigh the coals about to be delivered.

Penalties are exacted for each of the following acts: Not selling coal by weight, not delivering a coal ticket with the coal, not stating the weight of the vehicle in certain cases, making a false statement as to the weight of the vehicle, delivering less than the proper weight, not keeping proper weighing instruments, refusing to re-weigh, obstructing weighing or re-weighing, breach of a by-law of a local authority, obstructing an inspector.

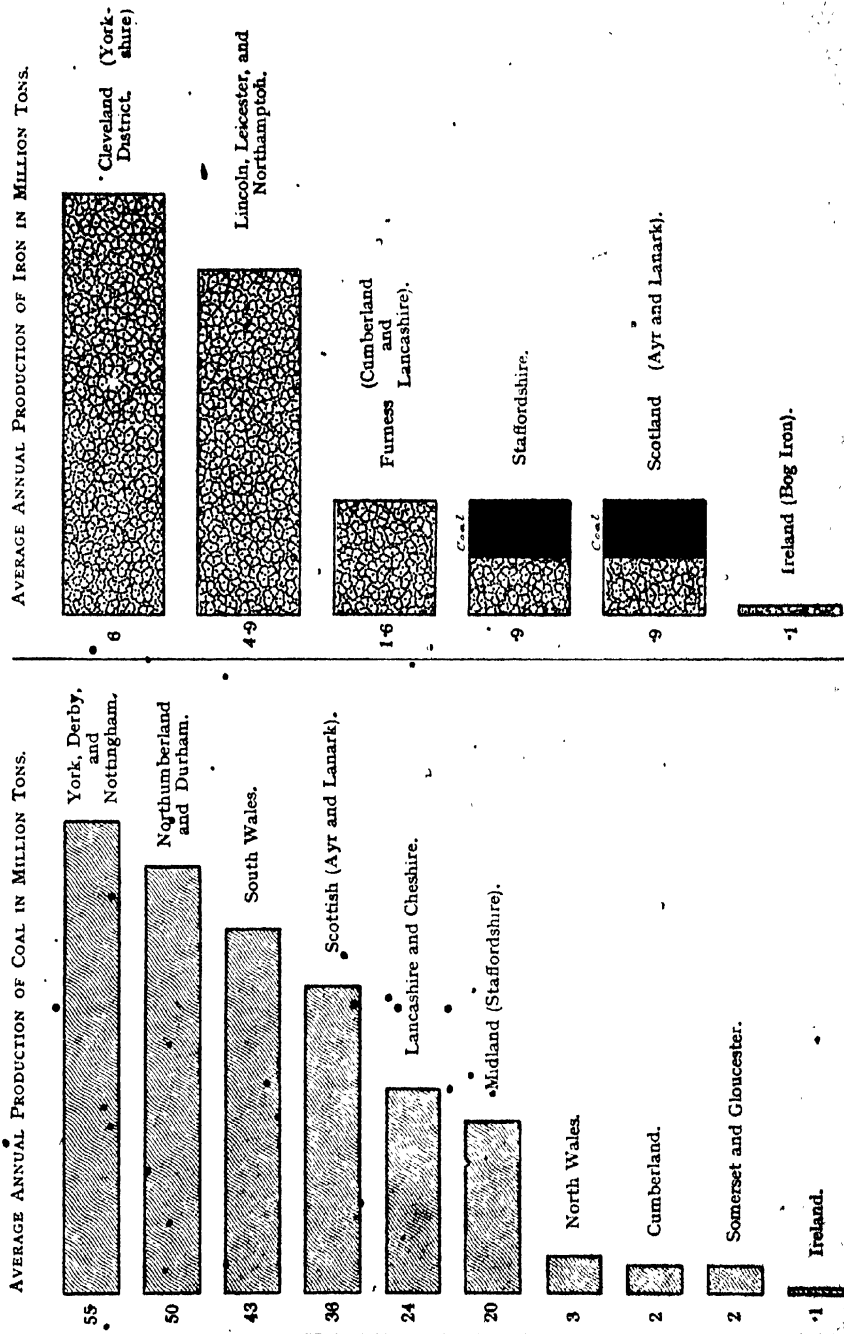
The special restrictions as to the sale and supply of coal during and immediately after the Great War were of such a character as to need nothing more than passing notice.

COAL TAR.—A thick, black, opaque liquid, which condenses when coal or petroleum is distilled. It is rather heavier than water, and has a strong, unpleasant odour. It is chiefly valuable as the source of carbolic acid, creosote, anthracene, pitch, benzene, and (through benzene) of the aniline dyes. It is sometimes known as gas tar, being now generally obtained in the manufacture of gas.

COASTING TRADE.—Coasting trade is the trade or intercourse carried on by sea between two or more ports or places of the same country. It has been customary in most countries to exclude foreigners from all participation in the coasting trade. This policy began in England in the reign of Elizabeth (5 Eliz. c. 5), or, perhaps, at a more remote era, and it was perfected by the Acts of Navigation passed in 1651 and 1660. A vast number of regulations have since been enacted having reference to this matter; and it was finally laid down in the Customs Consolidation Act of 1853 that no goods or passengers should be carried coastwise from one port to another of the United Kingdom, except in British vessels; but this restriction was repealed in the course of 1854, so that the coasting trade is now quite free.

The present law on this subject is contained in the Customs Act of 1876 (39 and 40 Vict. c. 36), ss. 140-148, which reproduces the provisions of the earlier statutes to the same effect. The following is a summary of the provisions of those Sections—

AVERAGE ANNUAL PRODUCTION OF IRON AND COAL IN THE BRITISH ISLES.



N.B.—This inset refers to the period just before the outbreak of the Great War.

All trade by sea from any one part of the United Kingdom to any other part thereof is to be deemed a coasting trade, and all ships while so employed therein are to be deemed to be coasting ships. Every foreign ship proceeding either with cargo or passengers or in ballast may voyage from one part of the United Kingdom to another, or from the islands of Guernsey, Jersey, Alderney, Sark, or Man to the United Kingdom, or from the United Kingdom to any of the said islands, but shall be subject as to stores for the use of the crew, and in all other respects to the same laws, rules, and regulations to which British ships when so employed are now subject. No goods shall be carried in a coasting ship except such as shall be laden to be carried coastwise at some port or place in the United Kingdom. And if any goods are taken into or put out of any coasting ship at sea or over the sea, or if any coasting ship touches at any place over the sea, or deviates from her voyage, unless forced by unavoidable circumstances, or if the master of any coasting ship which has touched at any place over the sea does not declare the same in writing under his hand to the proper officer at the port in the United Kingdom where such ship afterwards first arrives, the master of such ship shall forfeit the sum of £100. Proper times and places for landing and shipping goods for a coastwise voyage are appointed. The master of every coasting vessel must keep a cargo book in which he must enter the name of every port of loading, and the goods there taken on board the ship.

Ships constantly engaged in the coasting trade are exempt from compulsory pilotage. British ships engaged in the coasting trade are subject to the general duties and liabilities of British ships with the following exceptions: No certificates of competency are necessary for persons in charge of coasting vessels. The regulations with regard to the supply of medicines required for other ships have no application to coasting vessels. Ships not exceeding 15 tons (net) burden, employed solely in navigation on the rivers or coasts of the United Kingdom, or of some British possession, within which the managing owners of the ships are resident are exempted from being registered, as also are ships of not more than 30 tons burden not having a whole or part deck, and solely employed in fishing or trading coastwise on the shores of Newfoundland, or in the Gulf of St. Lawrence, or on the coasts of Canada bordering on that gulf. Coasters under 80 tons need not have deck lines or a load line marked on them. Ships of less than 80 tons registered tonnage, exclusively employed in trading between different ports on the coasts of the United Kingdom, need not have the statutory form of agreement between the master and crew. Ships exclusively trading between ports on the coasts of Scotland need not keep official logs.

COBALT.—A hard, ductile, steel-grey metal, generally occurring in combination with arsenic and sulphur. It is chiefly used in the preparation of a beautiful blue pigment employed to colour glass, porcelain, pottery, tiles, frescoes, etc. Small (g.v.) is glass coloured by oxide of cobalt, and pulverised. It is used in tinting paperhangings and cotton fabrics, as well as in the manufacture of blue glass, earthenware, etc. Zaffre is an impure oxide of cobalt used in enamel painting.

COCA.—A tropical shrub, the *Erythroxylon Coca*, which grows in South America, Ceylon, India, and Java. The aromatic leaves furnish a narcotic and

stimulant, and various tonic wines. The leaves are chewed by the natives for their soothing effect, but the habit is very injurious to the nerves. The active properties of coca are owing to the presence of the alkaloid cocaine, which is now much used as a local anæsthetic, particularly in dentistry and in slight surgical operations on the eyes, nose, tonsils, etc. Taken internally, cocaine produces a stimulating effect but when freely indulged in it brings about results similar to those caused by the morphia habit.

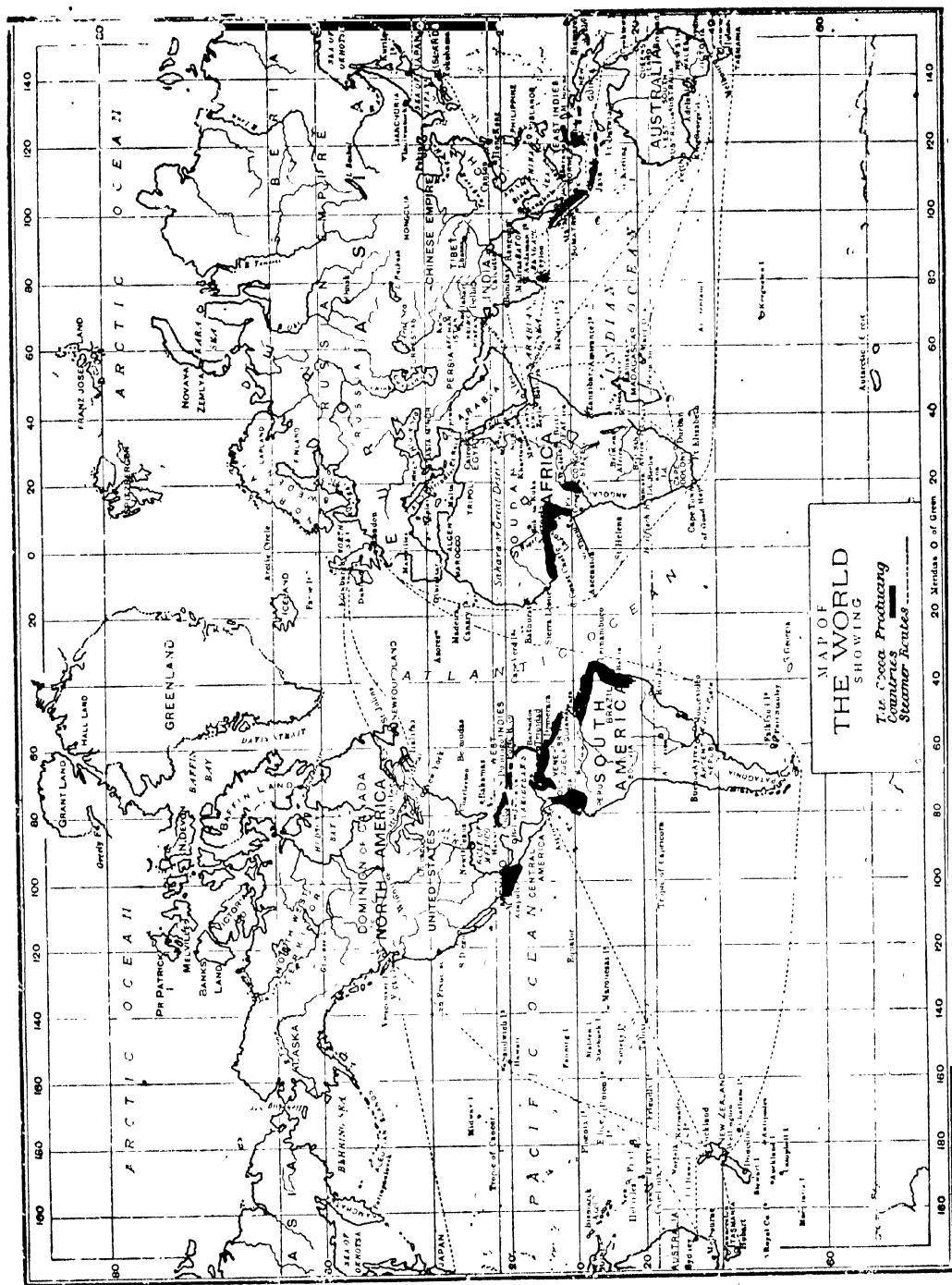
COCAINE.—(See COCA.)

COCHINEAL.—The dried bodies of the *Coccus cacti*, a Mexican insect, so-called because it lives on plants of the cactus family. The insect has now been introduced into the Canary Islands, Algeria, Java, and Australia. The scarlet dye-stuff obtained from it has decreased in importance since the introduction of aniline dyes. No less than 70,000 insects are required to make up 1 lb. of the dye stuff. A very weak solution is used for colouring soups, etc.

COCOA or CACAO.—A preparation from the seeds of the evergreen plant, *Theobroma cacao*, a native of tropical America, but now largely grown in the West Indies, Ceylon, and on the Gold Coast. The gherkin-shaped fruit contains the seeds, which, when roasted and freed from skin and husk, form the cocoa-nibs of commerce. The soluble cocoa is obtained by crushing and grinding the nibs, and removing some of the fat in order to facilitate the mixing with water. This preparation, when sweetened and flavoured, constitutes chocolate (q.v.). Cocoa is a nutritious beverage on account of the fat, starch and nitrogenous matters it contains; but the cheaper sorts are much adulterated by the addition of starch. Cocoatina, cocoa essence, and concentrated cocoa are among the preparations made from pure cocoa after about 50 per cent of its natural fat has been extracted. The active principle of cocoa is theobromine, an alkaloid similar in its properties to caffeine and theine. Trinidad yields more cocoa than all the rest of the world put together, but there is a rapidly increasing trade in this article on the Gold Coast.

COCOANUT.—More correctly known as coco-nut, being the fruit of the *Cocos nucifera*, a tropical palm indigenous to the East Indies and South Sea Islands, but now found throughout the tropics. Nearly every part of the tree is utilised. A juice yielding sugar and various beverages is obtained from the bark, and baskets, mats, etc., are made from the leaves, but the nut is the most valuable product. The kernel is used as a food, from the husk a fibre is obtained, known as coir yarn, which is made into ropes, door-mats, etc., the shell serves as a receptacle for liquids, and the fixed oil obtained from the kernel, sometimes called cocoanut butter, is used in the manufacture of margarine, stearine, candles, and of a soap which forms a lather with seawater. The natives employ it also as an ointment and a lamp oil. The oil is mainly obtained from the dried kernel, which is commercially known as copra (q.v.).

COD.—One of the most valuable food fishes, belonging to the same family as the haddock, whiting, and hake. It is found in large quantities off the northern shores of Europe and America, and gives employment to a vast number of hands on the coasts of the United Kingdom, Norway, Holland, Sweden, Iceland, the United States, Canada, and Newfoundland; the most important fisheries



being those of the two first-named countries. The average length of the cod is about 3 ft., but specimens measuring 5 ft. have been found off America. Cod is used as a food in either a fresh or a salted condition, and is also valuable for the medicinal oil it yields. The roes are considered a great delicacy, and the heads are used as a cattle food and as a manure.

CODES.—The expansion of trade and commerce and the consequent increase of telegraphy as a means of communication led to the introduction of a method of conveying by telegraph a message so reduced by code words that a very considerable saving in the cost of transmission was thereby effected. The expenditure on telegrams, by importers and exporters, is a serious item, and one which would very materially affect profits if a code were not used.

A good definition of code languages and of cyphers is the following, which appears in the *Post Office Guide*—

Code Language is composed of real words not forming comprehensible phrases or of pronounceable groups of letters having the appearance of real words. No word or group of letters must exceed ten letters in length. The real words may be drawn from any of the following languages: English, French, German, Italian, Spanish, Portuguese, Dutch, and Latin; the groups of letters must be pronounceable according to the current usages of one of those languages.

Cypher is composed of (a) Arabic figures or groups, or series of Arabic figures having a secret meaning, or letters or groups or series of letters having a secret meaning, (b) words, names, expressions, or combinations of letters not fulfilling the conditions applicable to plain language or code. Groups of letters forming cypher and groups of figures are counted at the rate of five letters or figures to a word, and at the same rate for any excess.

The majority of business houses use one of the well-known codes known as Liebers, A B C, and A I; and for the guidance of those who have occasion to wire or cable to them, the name of the code used is generally printed at the head of the firms' letter paper. Many private codes are also in use, especially between home and foreign branches of the same business. There is not much difficulty in constructing a private code to answer the need of the users suitable for a particular business, but to build up anything like a complete one is a lengthy proceeding, new sentences and phrases being constantly added as the necessity arises.

Suppose it is desired to send a message, say, to Japan, something like the following—

"Can ship by steamer at once. Advise you to order immediately, prices going up."

In coding a message, one must look for the leading words and then refer to the code. In the example above, they may be taken as "Ship" and "Order."

On reference to the code, we shall find that our message may now be reduced by substituting code words, something like the following, for the phrases given with them—

Pelmist: Can ship by steamer immediately.

Narvide: Advise you to place your order immediately; prices going up.

To transmit the message as it stands would cost £3 7s. 8d., exclusive of address, the rate to Japan being 4s. 10d. a word. Coded, however, it could be reduced to two words—a saving of no less than £2 18s.

The contents of the code book are arranged

alphabetically, as are also the leading words of the phrases represented, and one soon becomes accustomed to picking out these leading words of a message and coding the telegram quickly. The pages of the code are arranged somewhat as follows—

NO.	CODE WORD.	
29716	<i>Naturae</i>	You may take the order if references are satisfactory.
29717	<i>Natuon</i>	Do not accept order without sufficient security.
29718	<i>Nebolai</i>	Do not accept order without deposit in full.
29719	<i>Nefaros</i>	Orders have been received here for—
29720	<i>Negatus</i>	No orders have been received here for—
29721	<i>Noguloz</i>	We have not secured the order.
29722	<i>Nurama</i>	Cannot take the order except on following conditions.
29723	<i>Nyssilo</i>	Cannot understand your order.

Decoding a telegram is, of course, a much simpler matter, the code words being simply referred to in the code and their equivalents written down.

For persons or business houses to communicate by secret code or cypher is a simple matter, provided they both use the same code book, each word in which is distinguished by a number, as in the specimen shown above. All they need to do is to agree between themselves as to a key-word of, say, ten letters (which must be all different), e.g. —

L U B R I C A T E D
1 2 3 4 5 6 7 8 9 0

Instead of telegraphing the word as it appears in the book, the distinguished number of the same is dealt with. Supposing the numbers are 2743, 9817, 19562, the corresponding letters of the key-words are substituted for the numbers; and when there are less than five letters, the letter corresponding to 0 is used—thus, duarb; detla; leacu. By this means the message is quite incomprehensible to anybody but those who know the key-word. The recipient of the telegram would simply substitute figures for words (as shown in the key-word "Lubricated"), and then proceed to decode the numbers from the Code Book.

Manufacturers and merchants in their catalogues and price lists often give a code word for the convenience of their customers when ordering goods by telegram. One word is sufficient to indicate size, weight, price, quality, etc. For instance, a paper-maker might code his goods in the following manner—

Superfine Tub-sized Azure wove writing paper.

Code Word.	Stock sizes.	Weights
Abbott	Large post	23 lbs.
Aby	" "	27 "

In ordering this paper by wire, the customer would only need to mention the quantity required and the code word, which itself supplies all details as to the quality, size, and weight.

Most retail shopkeepers use a cypher for the purpose of privately marking the prices of their goods. A cypher like this is easily constructed from any word or sentence which contains ten different letters, e.g.—

H E M U S T W O R K
1 2 3 4 5 6 7 8 9 0

By allotting a number to each of the above letters, goods may be marked with the letters instead of figures, thus—£5 7s. 6d. = S/w/t, 2s. 4d = c/u; 19s. 11d. = hr/hh.

CODICIL.—A codicil is an instrument executed by a testator for the purpose of supplementing, altering, explaining, or revoking a will (*qv*), and forms a kind of appendix to the original will previously made by him. It is, in law, part of the will, and the will and codicils make but one testament. A codicil must be executed with the same formalities as a will as regards dating, signing, and attesting, and must be proved with the will. A codicil, however, may take effect without a will, if no will is forthcoming, though language is used in the codicil which suggests the existence of a will. A testamentary instrument referring to the provisions of a will or described as a codicil to the will, republishes the will and makes it operate as of the date of the codicil; but a testamentary document not expressed to be a codicil to the will, and not referring to the will, has not the effect of republishing the will. A codicil may also have the effect of incorporating and validating testamentary instruments which were invalid or had been revoked. A codicil alters a will only so far as it is inconsistent with the will.

A will may be revoked by a codicil. Where no express revocation is contained in the codicil, if the codicil disposes of all the testator's property, that of itself amounts to a complete revocation of the will. The fact that a subsequent will or codicil commences: "This is the last and only will" of the testator, or words to that effect, does not revoke an earlier will if the court comes to the conclusion that it was not the testator's intention to revoke the will. When a paper not disposing of the testator's estate, but simply revoking the will, is executed as a will, the effect is to revoke the will, but such paper is not itself a will or codicil, and the person making it is presumed to have died intestate.

Unless a testator wishes to make only trifling changes in the disposition of his property, a codicil is not a satisfactory mode of signifying fresh intentions; and when more codicils than one are added, the whole of the testamentary documents together may cause great confusion, trouble, and, by no means seldom, litigation. As a general rule, a testator should certainly make a fresh will rather than resort to codicils, always taking care, when making a new will, to revoke all and any testamentary papers previously executed by him.

Below is given a form of codicil revoking a legacy in a will and bequeathing the same to another person—

This is a codicil of my will bearing date the tenth day of October, one thousand nine hundred and twenty. I hereby revoke the legacy of £600 given and bequeathed by me to E. F., of etc., and I do hereby give and bequeath the sum of £600 to W. S., of etc., for his own absolute use and benefit. In all other respects I confirm my said will. In witness, etc.

(Attestation clause as in Will.)

Witnesses.....

John Williams.

(See WILL.)

COD LIVER OIL.—This oil should be the product of the cod, as its name implies, but the term is sometimes extended to include the oils obtained

from other fishes of the same family. It is generally produced in Norway and Newfoundland, and, when pure, should be pale yellow in colour, and almost without taste or smell, the disagreeable taste being due to imperfect filtration. Olein, palmitin, and stearine are the chief ingredients, and these fatty matters make it very nutritive, and, therefore, extremely valuable as a restorative agent in pulmonary diseases, etc. It is prepared by removing the gall from the fresh livers, which are then heated. The oil, rising to the surface, is skimmed off, and, after cooking, it is strained through cloth bags in order to remove solid matter. An impure variety used by curriers is obtained during the making of the better oil, and this is known as cod oil.

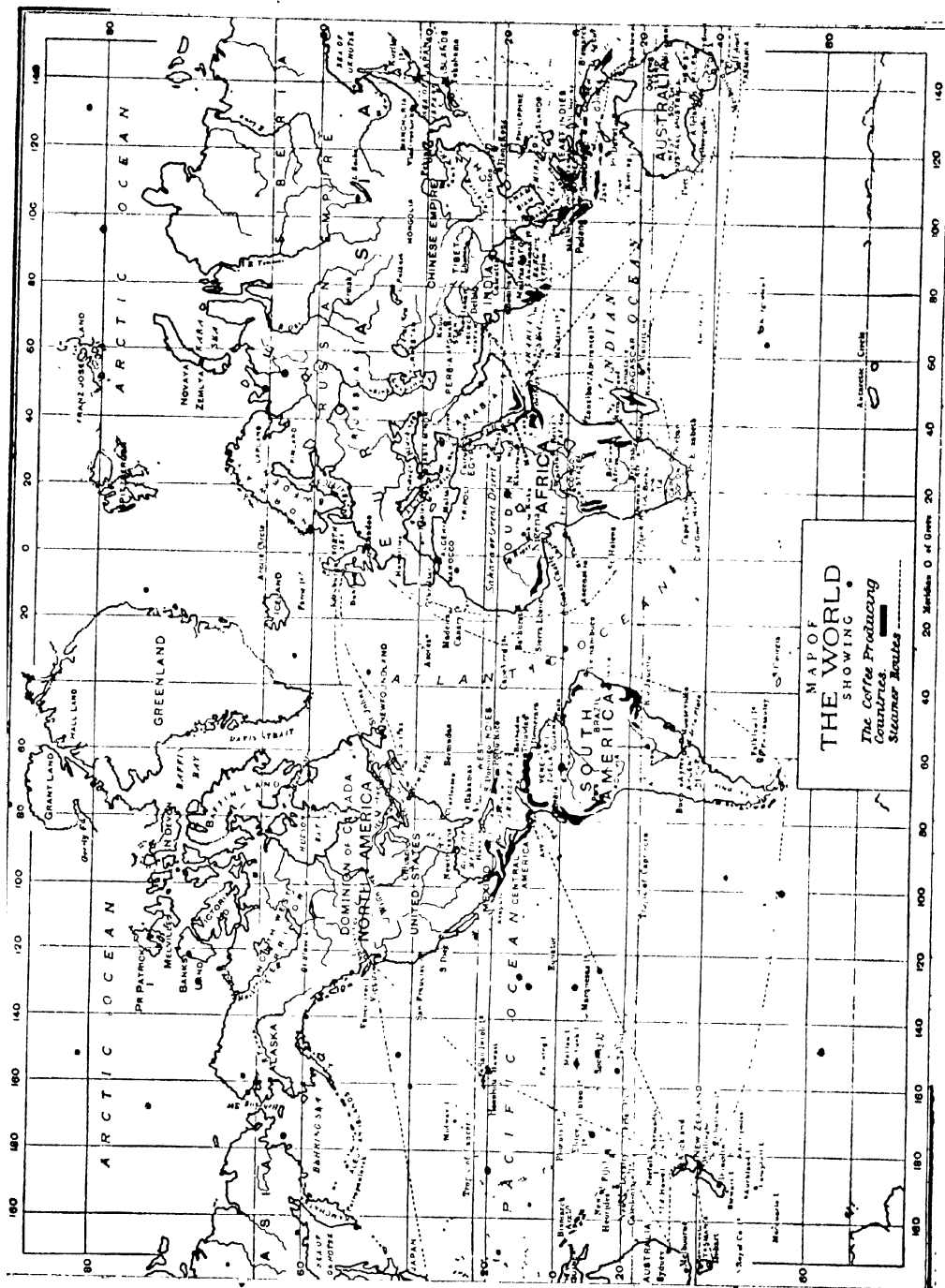
CERULEIN or CERULEIN.—A dye obtained from coal tar, and mainly employed for the purposes of dyeing and calico printing. When dissolved in an alkaline solution, it produces a beautiful green colour, which acts as a fast dye in combination with the mordant alumina. Other colours, some of which may be used with woollen fabrics, may be obtained by different processes.

COFFEE.—The well-known beverage prepared from the seeds of the *Coffea Arabica*, a native of Abyssinia, but now common throughout the tropical regions of Asia and America. The ripe berries are freed from pulp and dried in the sun. The parchment skin is then removed, and the beans are roasted. This process changes the composition of the coffee, causes a reduction in weight, and develops the characteristic aroma. The active principle of coffee is caffeine, which acts as a stimulant to the brain and nervous centres. It forms an antidote to narcotic poisons, but is itself poisonous when taken to excess. Essence of coffee is a mixture as thick as molasses, consisting of a concentrated infusion of coffee together with burnt sugar and extract of chicory. India, Ceylon, Java, the West Indies, Central America, Arabia, and Brazil are the chief sources of the world's supply of coffee, which in Brazil is by far the most important article of export.

COGNAC.—A town in the district of Charente, near Rochefort, in France, and the brandy manufactured there, which is of first-class quality. Another French name for this particular spirit is "fin champagne."

COINAGE.—The functions as well as the history of money are treated under the heading MONEY, and it is therefore unnecessary to refer to the British coinage except in so far as the actual coins themselves which are in use are concerned, always bearing in mind the properties which should be possessed by those materials which are used for coinage, and which were enumerated by the late Professor Jevons in the order of their importance: (1) Utility and Value; (2) Portability; (3) Indestructibility; (4) Homogeneity; (5) Divisibility; (6) Stability of value; and (7) Cognisability.

Gold is the standard measure of value. Any one can take gold bullion, of the requisite degree of fineness, to the Bank of England and have it exchanged for bank notes at the rate of £3 17s. 9d. per ounce of standard gold. The coinage of silver and copper, however, remains in the hands of the Government, and the public cannot take silver and copper to the Bank and demand coins for it. Gold coins issued from the Australian Mints at Sydney, Melbourne, and Perth are legal tender. The coins which may be issued from the Mint in London are shown by the table below, being the



first schedule to the Coinage Act, allowing for the corrections made by the Act of 1891. As the double florin of the value of 4s. is no longer coined, no reference has been made to it in this table.

"Standard fineness" shows the proportion of alloy contained in gold and silver coins. Neither of these metals can be utilised in a pure state, and some other metal must therefore be mixed with them. (See ALLOY.) Fineness is therefore a matter of importance, especially when the question of Foreign Exchanges (*q.v.*), has to be considered. "Standard weight" indicates the weight of the coin when issued by the Mint.

"Least Current Weight" makes clear the lowest point to which a gold coin can sink through usage or otherwise before it ceases to be legal tender (*q.v.*). It only applies to gold coins, as silver coins remain legally current until called in by Royal proclamation.

"Remedy" is the variation from the standard weight and fineness specified in the schedule which has to be allowed for owing to the difficulty of making coins absolutely according to standard.

Twenty troy pounds of standard gold are coined into 934½ sovereigns.

Pre-Victorian gold coins are not now current. Silver coins coined before 1817 and copper coins before 1861 are no longer legal tender.

The obverse side of a coin is that which bears the head or more important device; the reverse is the other side.

COINS.—(See COINAGE.)

COIR.—Also known as cocoanut fibre, being the fibre obtained from the husk of the cocoanut (*q.v.*). It is prepared by steeping the husks in water for several months, until the fibre can be separated from the other substances. The refuse is used as a manure and as a protection for bulbs. The fibre is

strong and durable, particularly in sea-water, hence its value for maritime cordage. Hall mats and coarse brushes are also made from it, and the South Sea Islanders utilise it in a variety of ways. Ceylon is the centre of the trade.

COKE.—A hard, brittle, porous substance, with a grey metallic lustre. It consists almost entirely of carbon, being the residue left when coal has been deprived of its more volatile constituents by partial combustion in a closed vessel or coke-oven. It bears the same relation to coal as wood charcoal bears to wood. An inferior quality is largely obtained as a bye-product in the manufacture of gas for illuminating purposes, but the best coke is specially prepared from bituminous coals. It is difficult to ignite, but it burns without smoke or flame, and is much used in metallurgical operations; and has already been adopted as a component for the manufacture of powder closely allied to gunpowder, especially suitable for iron mining in the Longwy district of France and Luxembourg.

COKE.—(See KOLA.)

COLCHICUM.—Commonly called meadow saffron, a plant of the lily family. The dried seeds of the *Colchicum autumnale*, or autumn crocus, are used medicinally for relieving acute pain, especially in cases of gout or rheumatism. They are also employed in the preparation of a wine, but should be used with great care, as the plant is somewhat poisonous.

COLLATED TELEGRAM.—A telegram that is repeated on its way from station to station at the desire of the sender, and at an additional charge to insure its correct transmission.

COLLATERAL SECURITY.—Literally, a security which runs parallel or side by side with another security. Thus, if A lends money to B and takes a bill of exchange as security, he may also demand

FIRST SCHEDULE TO THE COINAGE ACT

Denomination of Coin.	Standard Weight		Least Current Weight		Standard Fineness	Remedy Allowance.		Millesimal Fineness
	Imperial Weight. Grains.	Metric Weight. Grams.	Imperial Weight. Grains.	Metric Weight. Grams.		Weight per piece.		
						Imperial Grains.	Metric Grams.	
Gold—								
Five Pound ..	616 37239	39 94028	612 59300	39 68935	Eleven-twelfths	1 00	06479	2
Two Pound ..	246 54895	15 97611	245 00000	15 87574	fine gold, one-	40	02592	
Sovereign ..	123 27447	7 98805	122 50000	7 93787	twelfth alloy;	20	01296	"
Half Sovereign ..	61 63723	3 99402	61 12500	3 96083	or millesimal	15	00972	
Silver—					fineness 916.6			
Crown ..	436 36363	28 27590				2 000	1296	"
Half Crown ..	218 18181	14 13795				1 264	0788	
Florin ..	174 54545	11 31036			Thirty-seven-	997	0546	4
Shilling ..	87 27272	5 65518			fortieths fine	578	0375	
Sixpence ..	43 63636	2 82759			silver, three-	346	0224	
Groat or Fourpence	29 09090	1 88506			fortieths alloy,	262	0170	
Threepence ..	21 81818	1 41379			or millesimal	212	0138	"
Twopence ..	14 54545	0 94253			fineness 925.	144	0093	
Penny ..	7 27272	47126				087	0056	
Bronze—								
Penny ..	145 83333	9 44984			Mixed metal,	2 91666	18899	none
Halfpenny ..	87 50000	5 66990			copper, tin,	1 75000	11339	
Farthing ..	43 75000	2 83495			and zinc	87500	05669	

the deposit of shares, title deeds, etc., so that he can realise the same in case of necessity. This deposit forms a collateral security. Similarly a guarantee is a collateral security. (See GUARANTEE.)

COLLECTING BANKER.—This is the name given to the banker who collects a crossed cheque (*q.v.*) and, in the article referred to, the legal position of the collecting banker is fully set out, especially as to forged indorsements.

When a country banker receives from his customer a cheque drawn upon a banker in another town, it is customary for the cheque to be remitted to London for collection on the same day that it is paid to credit; but it has been held that a banker is not bound to send it forward for collection on the day of receipt, and that it may be held until the following day.

COLLECTION OF DEBTS. (See DEBTS, COLLECTION OF.)

COLLECTIVISM.—Provided that all the means of production and distribution—land, machinery, and capital—are in the hands of the State and operated by the "general will" for the common good, the Collectivist is content to leave the rest of the present system untouched. Interference with family life or with religion are not of the essence of his doctrine. He would permit private property and saving, in so far as the property were not used as capital and, therefore, as a means of exploiting others. Inheritance need not be abolished, for there would be little except house-hold furniture to inherit. By the abolition of private control over capital, inequality would be organically ended—all would be obliged to work, and there would be no "useless parasites" on society. If the infant socialistic state accorded indemnity to the dispossessed owners of the capital, the indemnity would take the form of food, clothing, furniture, and the like. The recipients of the indemnity would, therefore, be enabled to enjoy greatly or to give generously, but they would no longer be enabled to utilise any surplus in employing industry, and, as the socialistic state would hardly grant pensions in perpetuity in a longer or shorter time, the descendants of even the wealthiest would take their place in the ranks of industry. The means of distribution being in the hands of the community, there would no longer exist a need for retail dealers, for warehousemen, for "traders" of any kind. State officials would preside over all the operations necessary to put the product into the hands of its destined consumer, and the railways and other means of communication which now subserve the needs of trade would also be under their control. So far as the means of communication are required for the convenience or recreation of the constituents of the State, individuals would against their labour certificates draw tickets and stamps. The evils and waste occasioned by excessive commercial competition would thus be obviated, and in this field Socialists have great opportunity for pointing their moral, and advancing regulation and order as against contest and chaos.

What may be called "the milkman argument" is a favourite. Is it not absurd, say the advocates of regulation, that ten customers in the one street should be supplied by ten milkmen at different times, when one—who would not then have anxiety as to the disposal of his wares, and would not need to rouse the echoes by his strident cries, and who would not, one may add, need to consult the convenience or desires of his customers—would suffice?

And it is, of course, certain that elaborate advertisements, costly showrooms, multiplied selling agents diverted from the real business of production, would no longer be necessary. The State would undertake to get the products into the hands of the consumers; but on the consumer would now be placed the burden of taking the initiative in the matter of supplies. Instead of having goods offered to him at a price, he must tender his labour note at the State depot for the goods he desires; and if the State has decided to produce the goods, and if his note is the equivalent of the labour time employed in producing them, he will have his wants supplied.

The Collectivist would make the State the universal landlord, the universal manufacturer, and the universal shopkeeper. Struck by the contradiction between our democratic theory of the equality of men, and the actual power that capital gives one man over hundreds of his fellows, he would abolish "capitalism." The division of the society into distinct classes, landlords, capitalists, and labourers, the interests of which classes do not always harmonise, is repugnant to him. He would no longer have wealth distributed as rent, profits, and wages; but all should work under the direction of the State, and from it receive a salary.

Wages, he affirms, tend always to the level needed for the bare subsistence of the workman, whatever industry and thrift are shown. Against this "iron law of wages," industry and thrift will beat in vain until the whole industrial system is changed. Profits, to the Collectivist, are the result of the spoliation of the labourer; and in picturesque phrase is painted the state of servitude maintained by hunger instead of by law. "The produce of labour strangles the labourer. His labour of yesterday rises against him, strikes him to the ground, and robs him of the produce of to-day. The back of the labourer is the green table on which capitalists and speculators play the game of fortune"; and the like.

The main tenets of the Collectivist and his proposals, so far as these are definite and not mere aspirations, are treated under the head of Socialism. Here we note the arguments which the Individualist advances against the extension of the powers of the State.

The Individualist would not make universal the obvious drawbacks to the action of even the best intentioned and best constituted governments. These drawbacks are such as are inevitable to a democratic community. "It is melancholy to see," wrote one who had a lengthy experience in the Cabinet, "how little fitness for office is regarded on all sides, and how much the public employments are treated as booty to be divided among successful combatants", and can one doubt but that, when the powers of the State had been enormously aggrandised, jealousies and disappointments would be intensified? The struggle for office would engender bitterness destructive of the harmony which must be present to make any system of collective action a success. Mill's great chapter on "The Limits of the Province of Government" can hardly be surpassed, and we detail the other objections in an adaptation of his spirited prose—

(1) To be prevented from doing what one is inclined to, or from acting according to one's own judgment of what is desirable, is not only always irksome, but always tends in its degree to starve the development of some portion of the bodily or mental faculties, either sensitive or active; and unless the conscience of the individual goes freely

with the legal restraint, it partakes of the degradation of slavery. Now, Socialism absolutely annihilates freedom of action. The whole industrial life of a man would be under the control of the State, and the interference would extend to the most intimate portions of private life. In the logical socialistic state, indeed, "private life" would be non-existent; and the whole produce of his labour would belong to the State: in other words, taxation—*compulsory* payments for the public services, including his own sustenance—would absorb his whole income. As one in graphic though exaggerated form has expressed it: "If a man wanted to hang a picture up in his room, presuming that he could call a room his own, he must make application to the municipal tool house for the temporary loan of a hammer and the permanent grant of one brass-headed nail."

(2) The increase in Government agency, whether of the State, as the Collectivist desires, or of the locality, as the Communist wishes, means always an increase in the power of the majority over a minority. Even when "the State" is the whole nation organised for purposes of government, all tendency on the part of public authorities to assume a power which can be dispensed with must be regarded with unremitting jealousy. Nowadays the only substantial power in society is that of persons acting together in masses. Individual independence of thought, speech, and conduct must, therefore, be surrounded by the most powerful defences. For only thereby shall we maintain that originality of mind and individuality of character which are the only source of any real progress, and of most of the qualities which make the human race much superior to any herd of animals.

(3) A people that looks to its Government to command or prompt it in all matters of joint concern has its faculties only half developed. The business of life is an essential part of practical education. Book and school instruction is only one of the requisites of mental improvement. Another, almost as indispensable, is a vigorous exercise of the active energies—labour, contrivance, judgment, self-control; and these are stimulated by the difficulties of life. "In proportion as the people are accustomed to manage their affairs by their own active intervention, instead of leaving them to the Government, their desires will turn to repelling tyranny, rather than to tyrannising: while in proportion as all real initiative and direction resides in the Government and individuals habitually feel and act as under its perpetual tutelage, popular institutions develop in them not the desire of freedom, but an unmeasured appetite for place and power; diverting the intelligence and activity of the country from its principal business to a wretched competition for the selfish prizes and the petty vanities of office."

And, finally, the Individualist would not restrict but *promote competition* till it became perfect, for perfect competition means that—

(1) For equal service to the community there shall be equal reward: there will really be distribution according to deserts and that without the interposition of law or authority.

(2) There will be a perfect adjustment of supply and demand, so that all goods being produced in proportions sufficient to allow of exchange, all will find a market, and all who are willing to work will find a post; one man shall not work overtime with

over-pay, while another works no-time for a corresponding pay. And here, again, the force which produces the result is not constraint, but liberty. Perfect competition means perfect liberty.

COLLIERY GUARANTEE.—An agreement signed by a colliery company undertaking to load a vessel with coal within a certain period—steamers within a certain number of hours and sailing vessels within a certain number of days.

COLLISION.—Shipowners are liable for the negligent and improper acts of the master and crew whilst acting within the scope of their employment. Where a vessel is chartered, the liability of the shipowner, in respect of a collision caused by the tortious or negligent acts of the crew, depends upon whether or not they can be considered to be his servants. Where the shipowner provides the vessel only, and the charterer has become *pro hac vice* owner, the latter alone is responsible for their acts; but if the shipowner provides not merely the vessel, but also the crew, and the charter party shows that, although he has parted with the possession of the ship, she is still under his control and navigated by a master and sailors appointed by him, although paid by the charterer, the owner is liable. Masters are liable to both their owners and third persons in respect of collisions caused by their negligence or misconduct. Where a vessel is being towed by a steam-tug hired by her, the tug is the servant of the vessel in tow and the latter is ordinarily responsible for the conduct of the navigation; but if no orders are given to the tug, it seems that it is the duty of the tug to direct her course so as to keep the vessel towed clear of all danger. Where damage is done by a ship whilst in tow of a steamship, the owners of the ship cannot set up as a defence that by their charter party they were obliged to obey orders, or to put the ship in tow of the steamship.

The superior officer of a King's ship is not responsible for damage caused by the act of an officer under his command, but appointed by the same authority as himself. In cases of tort or damage done by vessels of the Crown, the legal responsibility rests with the actual wrongdoer, and the injured party must seek redress from the person who immediately causes the injury. The commanders of King's ships have, however, in cases where an appearance has been entered for them by order of the Admiralty, been condemned in cases of damage, when the collision has appeared to be the result of negligence in the management of their vessels, although there was no direct personal interference on their part.

The remedy for damage done or received by ships may be pursued either against the person (*in personam*) or against the ship (*in rem*). In collision cases, where one or both the ships are foreign, questions frequently arise as to the law applicable to the case, and particularly as to the application of British statutes to foreign ships. The general rule is that municipal laws are binding upon the subjects of the State by which they are enacted everywhere, but upon foreigners only when they are within its jurisdiction. The common law courts have jurisdiction whether the ships are British or foreign, and whether the collision occurs in foreign waters or elsewhere. "The right of all persons, whether British subjects or aliens, to sue in the English courts for damages in respect of torts committed in foreign countries, has long been established; and there seems no reason why aliens

should not sue in England for personal injuries done to them by other aliens abroad, when such injuries are actionable both by the law of England and also by that of the country where they are committed" (*The Halley*, L.R. 1868, 2 P.C. 202). Neither in the Admiralty, nor in the King's Bench Division, can a personal action for damages in respect of a collision occurring below low-water mark of the coasts of the United Kingdom be brought against a person not domiciled or ordinarily resident within the jurisdiction, unless the writ of summons can be served within the jurisdiction. A foreign ship that has injured a British ship or property of a British subject in any part of the world may be detained if found within 3 miles of the coasts of the United Kingdom so as to compel her owners to abide the event of any action in the courts of this country for damage caused by her, and it seems that in such a case she is liable to an action *in rem*. But the ship cannot be detained in respect of personal injury; and it has been doubted whether she could be seized while passing the coasts of this country on a foreign voyage. The jurisdiction *in rem* is exercisable over all cases of damage done by British or foreign vessels on the high seas, or within the body of a county, or in foreign inland waters. The court does not exercise jurisdiction *in rem* over vessels the property of a foreign sovereign or government.

The advantage of proceeding *in rem*, by arrest of the ship proceeded against, lies in the fact that it secures for the plaintiff a fund out of which he may expect to be paid his damages recovered, subject, however, to similar or preferable rights of other plaintiffs proceeding against the same ship with prior liens. A maritime lien for damage done by a ship attaches that instant upon the vessel doing it, and, notwithstanding any change of possession, travels with her into the hands of a *bona fide* purchaser, though without notice, and being afterwards perfected by proceedings *in rem*, relates back to the moment when it first attached; such proceedings, however, to be effectual, must be taken with reasonable diligence and followed up in good faith.

An action *in personam* for collision may be brought in any division of the High Court of Justice, and if the ship which has done the damage sinks in the collision, this is the only remedy available. If the owners of the sunken ship bring a cross-action or counterclaim in respect of the same collision, they can arrest the plaintiff's ship without themselves giving the plaintiffs any security to meet judgment in the action *in personam*; but if the owners of the sunken ship first bring their action *in rem*, and the owners of the other bring a cross-action *in personam*, the former will not be allowed to arrest the defendant's ship without giving the defendants security to meet judgment in the cross action. Where a foreign tug has been sunk in a collision in the English Channel with a British ship, and the former's owners sue the latter's owners in Admiralty *in personam*, and the latter appear and counterclaim, the court has no jurisdiction on the latter's application to stay the action till the foreign plaintiffs give security for damages upon the counterclaim.

Both the Admiralty and common law jurisdictions are now vested in the High Court, and the Admiralty Division has thus co-extensive jurisdiction with any other; but the process *in rem* is only available in the Admiralty Division, and in cases

over which the Admiralty Court has jurisdiction previously to the passing of the Judicature Acts.

Before the subject of collisions was dealt with by municipal statutes and international regulations, it was governed by the general maritime law, as administered in the Admiralty Court. Before the existing International Regulations for Preventing Collisions were issued, the question of negligence was governed by the maritime law, *i.e.*, by those rules of seamanship which, it was assumed, were common to seamen of all nations; and at the present day, so far as the Regulations do not extend, or where they are not applicable, the test of negligence is the same, *viz.*, the general practice of seamen, or, as it is sometimes called, the general maritime law. The law applicable in this country to cases of collision on the high seas, where one or both ships are foreign, is the maritime law as administered in England, and not the law of the flags. By that law the shipowner is responsible for the negligence of the master and crew of his ship. In the courts of this country, the rights and duties of persons navigating vessels, whether in British territorial waters or on the high seas, are the same. The liability in some cases depends upon the law of the place where the collision occurs, and of the country to which the ship belongs. If it occurs in the territorial waters of a country by the laws of which an owner is not liable for the wrongful acts of his officers or crew, it seems that he would not be liable in the courts of this country.

The general principles of the maritime law on which depends the right to recover in the Court of Admiralty for damage arising by collision were thus stated by Lord Stowell (*The Woodrop Sims*, 1815, 2 Dods 85): "There are four possibilities under which an accident of this sort may occur. In the first place, it may happen without blame being imputable to either party, as where the loss is occasioned by a storm, or any other *vis major*: in that case, the misfortune must be borne by the party on whom it happens to light, the other not being responsible to him in any degree. Secondly, a misfortune of this kind may arise where both parties are to blame, where there has been a want of due diligence or of skill on both sides; in such a case, the rule of law is that the loss must be apportioned between them, as having been occasioned by the fault of both of them. Thirdly, it may happen by the misconduct of the suffering party only; and then the rule is that the sufferer must bear his own burden. Lastly, it may have been the fault of the ship which ran the other down, and in this case the injured party would be entitled to an entire compensation from the other."

By the maritime law of this country, where both vessels are to blame, the damage done to the ships and cargoes is, estimated and equally divided between the ships, subject only to the limit set by our municipal law to the owner's responsibility, but in order that both vessels may be held to blame for a collision each must infringe a collision regulation so as to come within the statutory presumption of fault, or be guilty of some act of negligence which continues to operate up to the time of the collision and directly contributes to the same.

Many years before the rule of the road at sea was regulated by Act of Parliament, the practice of seamen had established rules to enable approaching ships to keep clear of each other. These rules, which are the foundation of those now in force, were well

established by custom, and formed part of the general maritime law administered by the Admiralty Court. By an Order in Council of November 27th, 1896, the regulations then in force were annulled and the present regulations substituted; and by Order in Council of April 4th, 1906, some alterations were made in the regulations. The Merchant Shipping Act, 1894, empowers the Crown, with the consent of the foreign government, to direct that the regulations shall apply to ships of foreign countries, whether within British jurisdiction or not, and that such ships shall, for the purpose of the regulations, be treated as if they were British ships.

These regulations apply to all seagoing ships and craft, whether large or small, and whether propelled by oars, sails, or steam. In the United States it has been held that these regulations, having been adopted by all maritime nations, they are of universal application, and form part of the international or general maritime law of the world. Articles 1 to 14 deal with the lights which must be carried by vessels, and are dealt with under LIGHTS (*q.v.*). Articles 18 to 30 deal with sound signals for fog, steering and sailing rules, and are as follows—

"Sound Signals for Fog. *Article 15* All signals prescribed by this article for vessels under way shall be given: 1. By 'steam vessels' on the whistle or siren. 2. By 'sailing vessels and vessels towed' on the fog-horn. The words 'prolonged blast' used in this article shall mean a blast of from four to six seconds' duration.

"A steam vessel shall be provided with an efficient whistle or siren, sounded by steam or some substitute for steam, so placed that the sound may not be intercepted by any obstruction, and with an efficient fog-horn, to be sounded by mechanical means, and also with an efficient bell. A sailing vessel of 20 tons gross tonnage or upwards shall be provided with a similar fog-horn and bell. In fog, mist, falling snow, or heavy rain storms, whether by day or night, the signals described in this article shall be used as follows, viz—

"(a) A steam vessel having way upon her shall sound, at intervals of not more than two minutes, a prolonged blast.

"(b) A steam vessel under way, but stopped and having no way upon her, shall sound, at intervals of not more than two minutes, two prolonged blasts, with an interval of about one second between them.

"(c) A sailing vessel under way shall sound, at intervals of not more than one minute, when on the starboard tack one blast, when on the port tack two blasts in succession, and when with the wind abaft the beam three blasts in succession.

"(d) A vessel, when at anchor, shall, at intervals of not more than one minute, ring the bell rapidly for about five seconds.

"(e) A vessel, when towing, a vessel employed in laying or in picking up a telegraph cable, and a vessel under way, which is unable to get out of the way of an approaching vessel through being not under command, or unable to manoeuvre as required by these rules, shall, instead of the signals prescribed in sub-divisions (a) and (c) of this article, at intervals of not more than two minutes, sound three blasts in succession, viz., one prolonged blast followed by two short blasts. A vessel towed may give this signal, and she shall not give any other.

"Sailing vessels and boats of less than 20 tons gross tonnage shall not be obliged to give the above-mentioned signals, but if they do not, they shall

make some other efficient sound signal at intervals of not more than one minute.

"Speed of Ships to be Moderate in Fogs, etc. *Article 16.* Every vessel shall, in a fog, mist, falling snow, or heavy rainstorms, go at a moderate speed, having careful regard to the existing circumstances and conditions. A steam vessel hearing, apparently forward of her beam, the fog-signal of a vessel, the position of which is not ascertained, shall, so far as the circumstances of the case admit, stop her engines, and then navigate with caution until danger of collision is over.

"Steering and Sailing Rules.—Risk of Collision. Risk of collision can, when circumstances permit, be ascertained by carefully watching the compass bearing of an approaching vessel. If the bearing does not appreciably change, such risk should be deemed to exist.

"*Article 17.* When two sailing vessels are approaching one another, so as to involve risk of collision, one of them shall keep out of the way of the other, as follows viz—

"(a) A vessel which is running free shall keep out of the way of a vessel which is close hauled.

"(b) A vessel which is close hauled on the port tack shall keep out of the way of a vessel which is close hauled on the starboard tack.

"(c) When both are running free, with the wind on different sides, the vessel which has the wind on the port side shall keep out of the way of the other.

"(d) When both are running free, with the wind on the same side, the vessel which is to windward shall keep out of the way of the vessel which is to leeward.

"(e) A vessel which has the wind aft shall keep out of the way of the other vessel.

"*Article 18.* When two steam vessels are meeting end on, or nearly end on, so as to involve risk of collision, each shall alter her course to starboard, so that each may pass on the port side of the other."

This article applies only to cases where vessels are meeting end on, or nearly end on, in such a manner as to involve risk of collision, and does not apply to two vessels which must, if both keep on their respective courses, pass clear of each other.

The only cases to which it does apply are those in which each of the two vessels is end on, or nearly end on, to the other; in other words, to cases in which, by day, each vessel sees the masts of the other in a line, or nearly in a line, with her own, and by night, to cases in which each vessel is in such a position as to see both the side lights of the other.

It does not apply, by day, to cases in which a vessel sees another ahead crossing her own course; or by night, to cases where the red light of one vessel is opposed to the red light of the other, or where the green light of one vessel is opposed to the green light of the other, or where a red light without a green light, or a green light without a red light, is seen ahead, or where both green and red lights are seen anywhere but ahead.

"*Article 19.* When two steam vessels are crossing, so as to involve risk of collision, the vessel which has the other on her own starboard side shall keep out of the way of the other.

"*Article 20.* When a steam vessel and a sailing vessel are proceeding in such directions as to involve risk of collision, the steam vessel shall keep out of the way of the sailing vessel.

"*Article 21.* Where by any of these rules one of

two vessels is to keep out of the way, the other shall keep her course and speed.

Note. When, in consequence of thick weather or other causes, such vessel finds herself so close that collision cannot be avoided by the action of the giving-way vessel alone, she also shall take such action as will best aid to avert collision.

Article 22. Every vessel which is directed by these rules to keep out of the way of another vessel shall, if the circumstances of the case admit, avoid crossing ahead of the other.

Article 23. Every steam vessel which is directed by these rules to keep out of the way of another vessel shall, on approaching her, if necessary, slacken her speed or stop or reverse.

Article 24. Notwithstanding anything contained in these rules, every vessel, overtaking any other, shall keep out of the way of the overtaken vessel."

Every vessel coming up with another vessel from any direction more than two points abaft her beam, i.e., in such a position with reference to the vessel which she is overtaking that at night she would be unable to see either of that vessel's side lights, shall be deemed to be an overtaking vessel, and no subsequent alteration of the bearing between the two vessels shall make the overtaking vessel a crossing vessel within the meaning of these rules, or relieve her of the duty of keeping clear of the overtaken vessel until she is finally past and clear.

As by day the overtaking vessel cannot always know with certainty whether she is forward of or abaft this direction from the other vessel, she should, if in doubt, assume that she is an overtaking vessel and keep out of the way.

Article 25. In narrow channels every steam vessel shall, when it is safe and practicable, keep to that side of the fairway or mid-channel which lies on the starboard side of such vessel.

Article 26. Sailing vessels under way shall keep out of the way of sailing vessels or boats fishing with nets, or lines, or trawls. This rule shall not give to any vessel or boat engaged in fishing the right of obstructing a fairway used by vessels other than fishing vessels or boats.

Article 27. In obeying and construing these rules, due regard shall be had to all dangers of navigation and collision, and to any special circumstances which may render a departure from the above rules necessary in order to avoid immediate danger.

"Sound Signals for Vessels in Sight of One Another. Article 28. The words 'short blast' used in this article shall mean a blast of about one second's duration.

"When vessels are in sight of one another, a steam vessel under way, in taking any course authorised or required by these rules, shall indicate that course by the following signals on her whistle or siren, viz.: One short blast to mean, 'I am directing my course to starboard.' Two short blasts to mean, 'I am directing my course to port.' Three short blasts to mean, 'my engines are going full speed astern.'

"Proper Precautions. Article 29. Nothing in these rules shall exonerate any vessel, or the owner, or master or crew thereof, from the consequences of any neglect to carry lights or signals, or of any neglect to keep a proper look-out, or of the neglect of any precaution which may be required by the ordinary practice of seamen, or by the special circumstances of the case.

"Harbours. Article 30. Nothing in these rules shall interfere with the operation of a special rule, duly made by local authority, relative to the navigation of any harbour, river, or inland waters."

COLLODION.—A colourless, gluey liquid, prepared by dissolving pyroxylin or gun cotton in a mixture of ether and alcohol. When ready for use, it is filmy and transparent. There are several varieties, some being valuable as a medium in photography, while others are employed in surgery to keep the air from wounds. A mixture of collodion, castor oil, and Canada balsam is used surgically, and is known as flexible collodion.

COLLUSION.—In law this term signifies any agreement, tacit or otherwise, between parties to a suit, in order to obtain a decision by the suppression of material facts or by other improper means. Any judgment which is obtained by a fraud of this kind is liable to be set aside. Collusion most frequently occurs in matrimonial causes, but these require no special notice here.

COLOCYNTH.—The fruit of the *Citrullus colocynthis*, which grows abundantly in North-East Africa, Syria, Asia Minor, North-West India, and Spain. The ripe fruit is yellow in colour, and is sometimes known as "bitter apple." The dried and powdered pulp has long been valued as a powerful purgative. It is generally administered in the form of pills, mixed with scammony, calomel and aloes. Smyrna is the chief centre of exportation.

COLOMBIA.—The republic of Colombia, formerly known as New Granada, lies between Venezuela and Ecuador, and is also bounded on the south-east by Brazil. It has an extensive coast line on both the Caribbean Sea and the Pacific Ocean. Until 1903 it included the Isthmus of Panama within its territories, but now Panama is a separate republic, and its independence is guaranteed by the United States of America. (See PANAMA.) The area of Colombia is about 460,000 square miles, and its size is, therefore, about two and a half times that of France.



Owing to the absence of any reliable statistics of recent date, an estimate can only be made as to the population, and it may be placed at from 5,000,000 to 5,500,000 people, of Spanish, negro, and Indian descent. Spanish is the language of the inhabitants.

Relief. The country is intersected by three of the great ranges of the Andes—the Western, the Central,

and the Eastern Cordilleras—and the plateaux between them are so elevated that the temperature is much lower than that of other parts of the world situated in the same latitude. From the south the river Magdalena flows towards the Caribbean Sea, being joined by the river Cauca before it reaches its mouth. In the east the country is much less elevated, and there are the llanos, which are watered by the tributaries of the Orinoco.

Productions. The elevation of so much of the country, to which reference has just been made, enables Colombia to grow products which are characteristic of the temperate zones. Agriculture is the chief industry, and the cattle of the plains supply the hides and jerked beef which form a considerable portion of its commercial wealth. The forests also provide many valuable kinds of timber for export—especially mahogany, cedar, fustic, and dye-woods—and there are numerous medicinal plants. The mineral wealth is great, but it is as yet hardly developed. Asphalt deposits are worked by an American company. The chief exports are coffee, hides, and indiarubber. The few manufactures are entirely for home consumption.

The river Magdalena is the main channel of commerce, as railways are still in their infancy, not more than 650 miles being open at the present time. Comparatively speaking, the telegraphic communication is extremely good.

Towns. *Bogotá*, the capital, with a population of about 130,000, is situated in the very heart of the country. As it stands at an elevation of about 8,000 ft., it enjoys a climate of perpetual spring, like *Quito* in Ecuador, although only 5° north of the Equator.

The principal ports in the north are *Cartagena* and *Sabanilla*, the latter being connected by rail with *Barranquilla*, the second city of Colombia, and the one through which most of its trade passes.

On the Pacific coast the chief port is *Buenaventura*.

There is a regular mail service to Colombia from Southampton about twice a month, but there are also supplementary services via the United States at irregular intervals. Bogotá is about 6,200 miles from Southampton. The time of transit is about twenty-five days.

COLONIAL PREFERENCE.—This term has recently come into very common use in connection with the agitation in favour of tariff reform (*qv*), and it may be shortly defined as a system of trading between Great Britain and the British Dominions upon a basis which, it is assumed, will confer a special or peculiar privilege upon each of them, by increasing their commercial intercourse. All the British Dominions beyond the seas have a system of tariffs like the majority of foreign countries, and not in keeping with the fiscal policy of Great Britain. Recently, most of them have agreed to give to English goods a peculiar privilege in the shape of a reduced tariff as compared with other countries, in order to try and induce a greater volume of trade with the mother country. The object of the tariff reformers is, amongst other things, to endeavour to induce Great Britain to adopt such a fiscal system as will give some kind of reciprocal preference to the various Dominions. Canada is the most notable example of Colonial Preference. She began with a 25 per cent preference which was afterwards increased, over twenty years ago, to 33½ per cent. Australia, New Zealand, and South Africa have also shown themselves in favour of this preference, but up to the time of the

Great War the mother country had given no indication that she would do anything which would alter the Free Trade policy adopted about the middle of the nineteenth century. It is almost unnecessary to say that the question of preference is one of a most controversial character, and even after the war there does not appear to be any approach to general agreement upon the subject, although the Budget of 1919 exhibited a tendency in the direction of a special preference. The peculiar circumstances of 1919 and the constitution of the House of Commons after the remarkable General Election of December, 1918, render it impossible to take the Budget of 1919 as a very safe guide as to the future. (See FAIR TRADE, FREE TRADE.)

COLONIAL REGISTER.—When a company carries on business in a colony; it may, if so authorised by the articles, keep a colonial register of members resident in that colony. The company must give notice to the Registrar of Companies of the situation of the colonial office and of any change in its situation. If the office is discontinued, notice must also be given of the discontinuance.

For the purposes of the colonial register, a colony includes British India and the Commonwealth of Australia.

This colonial register is deemed to be a part of the principal register of the company, and must be kept in the same manner. The shares of colonial members are transferred in the usual way, but the transfers are approved by the local directors, and the certificates issued in the colony are distinguished in colour from the English certificates.

The entries which are made in the colonial register must be transmitted from time to time to the head office, and these entries are at once transferred at the head office to the duplicate of the colonial register which is kept there. Generally there is a weekly or a fortnightly exchange between the colonial register and the head office.

If a member of the company is registered in the London or principal register, he can effect a transference to the colonial register by filling up a "removal" form, such form being supplied by the London office and being in the nature of a request by the shareholder to be so transferred. The removal form gives particulars of the holding of the member, together with his certificates. There is a registration fee to be paid. The request is numbered as a transfer and retained by the secretary in London, who indorses the certificates "Registered and transferable in the register," giving the name of the colony. In the ordinary communication between the London office and the colony, particulars will be given by the secretary of the transfer. When he arrives in the colony, the member will receive a new certificate for shares in exchange for his indorsed certificates, and then his shares can be dealt with in the ordinary course in the colony. The surrendered indorsed certificates are then returned in due course to the secretary in London, together with all particulars of the new entry made in the colonial register, which particulars are transferred to the London duplicate of the colonial register. The procedure is the same, though carried out in the reverse manner, when a colonial shareholder seeks to have his name removed from the colonial to the English register.

Transfers of shares registered in the colony are exempt from English stamp duty, unless executed in this country. In the colony the stamp duty will depend upon local revenue laws (*e.g.*, the South

COMBINE.—The name generally given in England to a confederation of employers joined together for the attainment of a special object, such as the limitation of production, the reduction of wages, the fixing of prices, etc. The coal combine was a well-known example in this country. *A combine differs from a trust (*qv*) in this, that the members in the former do not drop their individuality, but work in harmony for their common end, whereas in the latter there is a species of amalgamation for

379

the better carrying out of the objects arrived at. (See AMALGAMATION.)

COMMANDITE, SOCIÉTÉ EN.—A kind of commercial society or partnership, in which some of the members contribute a certain amount of capital without taking any part in the management, becoming what are known in this country as sleeping partners. Such partners are called *commanditaires*, or partners in commandite, in France and are held liable for losses only to the extent of the funds or capital furnished by them. A similar arrangement is, or was, perhaps even more usual in Germany under the title of "Commandit-Gesellschaft."

COMMENCEMENT OF BUSINESS.—In the case of a private limited company (*q.v.*), business can be commenced as soon as the preliminary requirements have been complied with and the certificate of incorporation obtained. If, on the contrary, it is a public company, certain steps are necessary before such a combination can start its operations.

Before 1901 it was possible for any company which had obtained its certificate of incorporation to commence business at once. (The statutory "private" company did not exist before 1907.) This frequently resulted in disaster, because there was no guarantee that the capital, or any portion of it, had been subscribed, and it was by no means certain that shareholders would come into the concern at all. Many companies, therefore, were brought into existence and died almost at the moment of birth. By the Companies Act, 1900, a great revolution was effected, and an effectual stop was put to the carrying on of business by immature concerns. Dismissing all the preliminaries as to the promoter (*q.v.*) and his work, where such is necessary, it is well known that seven members (or two in the case of private companies) must be obtained to sign the memorandum and the articles, that certain documents must be filed with the registrar, especially the prospectus or the statement in lieu of a prospectus, and that other statutory requirements must be complied with. (See COMPANIES, REGISTRATION.) The company then receives its certificate and comes into being, but, unless it is a private company, as above stated, it cannot commence operations. The first great necessity is the procuring of a certain amount of capital, the "minimum subscription" as it is called. Unless sufficient subscribers come in no allotment can be made, and the company is in a stagnant position.

It is essential that the secretary or one of the directors should file a declaration with the registrar, that all the preliminaries necessary have been complied with. These are set out in Section 87 of the Companies (Consolidation) Act, 1908, and they are of extreme importance. The Section itself is here set out in full:—

"(1) A company shall not commence any business or exercise any borrowing powers unless—

"(a) shares held subject to the payment of the whole amount thereof in cash have been allotted to an amount not less in the whole than the minimum subscription; and

"(b) every director of the company has paid to the company on each of the shares taken or contracted to be taken by him, and for which he is liable to pay in cash, a proportion equal to the proportion payable on application and allotment on the shares offered for public subscription, or in the case of a company which does not issue a prospectus inviting the public

to subscribe for its shares, on the shares payable in cash; and

"(c) there has been filed with the registrar of companies a statutory declaration by the secretary or one of the directors, in the prescribed form, that the aforesaid conditions have been complied with; and

"(d) in the case of a company which does not issue a prospectus inviting the public to subscribe for its shares, there has been filed with the registrar of companies a statement in lieu of prospectus.

"(2) The registrar of companies shall, on the filing of this statutory declaration, certify that the company is entitled to commence business, and that certificate shall be conclusive evidence that the company is so entitled:

"Provided that in the case of a company which does not issue a prospectus inviting the public to subscribe for its shares, the registrar shall not give such a certificate unless a statement in lieu of prospectus has been filed with him.

"(3) Any contract made by a company before the date at which it is entitled to commence business shall be provisional only, and shall not be binding on the company until that date, and on that date it shall become binding.

"(4) Nothing in this section shall prevent the simultaneous offer for subscription or allotment of any shares and debentures or the receipt of any money payable on application for debentures.

"(5) If any company commences business or exercises borrowing powers in contravention of this section, every person who is responsible for the contravention shall, without prejudice to any other liability, be liable to a fine not exceeding fifty pounds for every day during which the contravention continues.

"(6) Nothing in this section shall apply to a private company, or to a company registered before the first day of January nineteen hundred and one, or to a company registered before the first day of July, nineteen hundred and eight, which does not issue a prospectus inviting the public to subscribe for its shares."

The declaration, as above noticed, which has to be filed, is generally in the form of one of the examples shown on the next page.

This declaration is filed with the registrar, and, if this official is satisfied with the same, a certificate is issued by him to the effect that all preliminaries have been fulfilled, and that the company is entitled to commence business. It is unsafe for any person to deal with a company, even though it is incorporated, before it has obtained this certificate. Such a certificate may never be granted, and a creditor is then in a particularly awkward position. Thus, in one case, a certain person claimed for sums paid by him in furnishing offices for the company at the request of the directors. The company never received a certificate entitling it to commence business, and it was wound up. It was held that the claim against the company could not be sustained.

It is well to bear in mind the heavy penalties which are liable to be imposed if business is commenced without obtaining a certificate. These are set out in sub-section 5 above.

COMMERCE.—What is commerce? Let us look at a dictionary for the meaning of the word. It comes to us through the French *commerce*, from the Latin *commercium*, meaning trade, commerce—prefix *com*, and *merx*, *mercis*, goods, wares,

[COM]

AND DICTIONARY OF COMMERCE

[COM

FORMS OF DECLARATION BEFORE COMMENCEMENT OF BUSINESS.

(A.)

5/-
impressed
stamp.

No. of Certificate

THE COMPANIES ACTS, 1908 to 1917.

DECLARATION made on behalf of the.....Company, Limited,
that the conditions of Section 87 (s.s. 1) of the Companies (Consolidation) Act, 1908, have been
complied with.

Presented for filing by.....

I.....of.....being (the secretary or a director) of the.....
Company, Limited, do solemnly and sincerely declare—

THAT the amount of the share capital of the Company offered to the public for subscription
is £.....

THAT the amount fixed by the Memorandum or Articles of Association, and named in the
Prospectus as the minimum subscription upon which the Company may proceed to allotment,
is £.....

THAT shares held subject to the payment of the whole amount thereof in cash have been
allotted to the amount of £.....

THAT every director of the Company has paid to the Company on each of the shares taken
or contracted to be taken by him, and for which he is liable to pay in cash, a proportion equal
to the proportion payable on application and allotment on the shares offered for public subscription.

And I make this solemn declaration conscientiously believing the same to be true, and by
virtue of the provisions of the Statutory Declarations Act, 1835.

Declared at.....the.....day of....., One....
thousand nine hundred and.....before me,

.....A Commissioner for Oaths

(B.)

5/-
impressed
stamp.

THE COMPANIES ACTS, 1908 to 1917.

DECLARATION made on behalf of the.....Company, Limited, (which is a
Company that has filed with the Registrar of Companies a statement in lieu of prospectus), that
the conditions of Section 87 (1) of the Companies (Consolidation) Act, 1908, have been complied
with.

Presented for filing by.....

I.....of....., being (the secretary or a....
director) of the.....Company, Limited, do solemnly and sincerely declare—

THAT the amount of the share capital of the Company, other than that issued or agreed to
be issued as fully or partly paid up otherwise than in cash, is £.....

THAT the amount fixed by the Memorandum or Articles of Association, and named in the
Statement in lieu of prospectus as the minimum subscription upon which the Company may
proceed to allotment, is £.....

THAT shares held subject to the payment of the whole amount thereof in cash have been
allotted to the amount of £.....

THAT every Director of the Company has paid to the Company on each of the shares taken
or contracted to be taken by him, and for which he is liable to pay in cash, a proportion equal
to the proportion payable on application and allotment on the shares payable in cash.

AND I make this solemn declaration, etc.

merchandise. Our English meaning is: "An interchange or mutual exchange of goods, wares, productions, etc., between nations or individuals, either by barter or by purchase and sale; trade; traffic; dealings; intercourse; communication, interchange; fellowship." Commerce may be under one of three heads—

1. Home trade, between individuals or firms of the same country.

2. Foreign trade, between inhabitants of different countries.

3. Colonial trade, between the inhabitants of any particular country and the residents or merchants in any of the country's Colonies.

With all peoples and in all countries, the progress of commerce is bound to the progress of civilisation. As new needs are felt following upon an advance towards a higher civilisation, new efforts are made to satisfy those needs. Whilst requirements are limited strictly to food and clothing, hunting and fishing and the natural products of the soil are sufficient to satisfy those needs, but as soon as other desires manifest themselves, man sets out to find either directly or by exchange the means of catering for those requirements. The Romans held commerce in the greatest contempt, and Cicero sums up the then prevalent opinion in saying that: "A noble sentiment could never be born in a shop." So contemptible was it held, that a special law—the *Flaminia law*—expressly forbade patricians to enter into commercial life. Slaves and freed men followed the profession to the great benefit of their masters or employers. The provisioning of Rome where innumerable quantities of luxurious articles were consumed, the re-equipping of the legions camped on far away frontiers, necessitated an extended commerce, whilst the sovereignty of Rome establishing relations with different peoples gave birth to new needs, rendered possible new exchanges, and, whilst assuring a more complete security, facilitated commercial speculations.

One of the earliest passages relating to commerce is that in which we read of Joseph being sold by his brethren for twenty pieces of silver. The first foreign merchants were the Southern Arabs, followed by the Phœnicians, who were the first carriers by sea and also renowned navigators. Then came the Carthaginians, followed successively by the Romans, the Venetians (who kept their books by a system of double entry), the Genoese, the Italians, on to the formation of the Hanseatic League in 1241, which gave some inkling of the entrance of Germany and the Baltic countries into the world of commerce. We then have the Dutch, the Portuguese, the Spaniards, the French, the English, and, lastly, the Americans. We are thus brought up to the beginning of the nineteenth century, when practically the whole of the inhabited world had been explored, and commerce began to be more secure and to extend its boundaries daily. The whole of the known world is now open to trade, and the transport of goods to and from every point of the compass increases annually. Let us glance at the different commodities shipped to and from England, and take such a list as representative of the trade done by every other country with oversea connections. We will touch only the principal items, as we cannot possibly in this article enumerate everything exchanged, bought, or sold in commerce. We will treat, first, of our Colonies, and follow with our foreign neighbours and friends. First, Australia. It is nearly 150 years ago since the

first settlers, a small party of about 1,000, with twenty-nine sheep and seven head of cattle, arrived in the land of the Southern Cross. To-day there are about 4,500,000 of people, 11,000,000 cattle, and 100,000,000 sheep. She sends to the Motherland wool, butter, cheese, wines, apples, and meat; her mines have a total yield of about £30,000,000 per annum, agriculture even more than that, and pastoral pursuits £50,000,000. When we think of the prodigious amount of labour that must have been expended in laying railway lines, diverting rivers, bridging chasms, removing forests, and irrigating deserts, we begin to understand that the increase in 150 years is unprecedented in the history of the world, and that Australia is one of our finest commercial assets. Secondly, New Zealand, with a total population infinitely less than that of London and a truly marvellous prosperity. She sends home mutton and lamb (per refrigerator), wool, timber, and butter. Twenty-five million sheep, over 500,000 cows, and about 500,000 horses graze and feed on her pastures. Twelve thousand factories are daily busy turning out material as fast as they possibly can, her prosperity is increasing, and her commerce is growing day by day. With the United Kingdom about 76 per cent of her trade is done, and nearly all the vessels that enter her harbours are British. We may take it from this that New Zealand is busy commercially. Thirdly, South Africa. Thence come gold, diamonds, ostrich feathers, and wool. Gold more than £30,000,000 worth annually, about one-third of the output of the world; diamonds more than £6,000,000; ostrich feathers about £2,000,000 worth, and £4,000,000 per annum for wool. Such are the figures for a land with a population of about five-sevenths that of London. The war of about two decades ago was a disaster, but the black and white races are now working together, and the commercial well-being of the country is assured. Fourthly, Canada. A wonderfully fertile land with tremendous resources. Her principal items of trade are agricultural products, lumber, cheese, gold, and coal. Exceptionally well-favoured as regards minerals, her output of gold and coal is steadily increasing, her population growing, her commerce improving year by year. A truly wonderful country with infinite possibilities. Fifthly, and lastly, India, with a population of over 300,000,000. (The census at the end of 1911 gave the population of India as about 318,000,000.) Her trade is done in raw cotton, rice, oil-seeds, wheat, jute, tea, hides and skins, indigo, coffee, wool, leather, silk, and spices, and is almost entirely by sea. Formerly the foreign trade consisted chiefly of the interchange of agricultural produce for manufactured goods, but the introduction of modern machinery is increasing the proportion of manufactured goods in the exports. In treating of foreign countries we will enumerate only the principal articles in which trade was carried on before the war. It is too early as yet to see what changes will have been made by the events of 1914-1918.

Being our nearest neighbour, we will commence with **France**. The principal exports are: Wine, woollen and silk manufactured goods, raw and waste silk, leather and leather wares, haberdashery, cheese, butter, raw wool, and manufactured cotton goods, and the imports: Wine, grain and flour, raw wool, raw silk, raw cotton, timber, hides and skins, and coal.

Germany. Exports: Sugar, coal, woollen fabrics,

cotton goods, haberdashery, hosiery, leather goods, paper, wooden goods, aniline dyes, hops, cereals and flour, live animals, eggs, butter, timber, zinc.

Imports: Grain and flour, raw wool, raw cotton, cotton and woollen yards, animals, coffee, raw hides, silk, machinery, fish, coal, chemicals, leather, oil, tobacco, and flax.

Spain. *Exports:* Wine, minerals and metals, fruits, cork, flour, Esparto, wool, cattle, olive oil, cotton goods, and paper. *Imports:* Raw cotton, manufactured cotton goods, coal, coke, timber in planks, etc., wool and woollen goods, machinery, wheat and other cereals, sugar, fish, spirits, hemp, linen and jute (raw and manufactured), chemicals, hides, coffee, and silk goods.

Portugal. *Exports:* Wine, cork, fish, copper, and onions. *Imports:* Wheat, cotton goods, woollen goods, machinery, iron, coal, sugar, fish, railway material, chemicals, animals, and timber.

Italy. *Exports:* Silk, olive oil, fruit, wine, sulphur, hemp and flax, eggs, raw cotton, marble.

Imports: Wheat, coal, raw cotton, raw silk, cotton goods, coffee, hides, sugar, fish, machinery, timber, wool.

Russia. *Exports:* Corn, flour, flax, timber, fish, butter, eggs, linseed, petroleum, hemp, raw wool, hair, feathers, furs, tallow. *Imports:* Raw cotton, metals, metal wares, machinery, tea, wool, chemicals, coal, coke, cotton goods, tropical produce, oils, fruits, vegetables, fish, wines, spirits, silk (raw and yarn), and leather.

Denmark. *Exports:* Swine, butter, cattle, barley, wheat, horses. *Imports:* Woollen goods, cotton goods, iron and steel wares, sugar, timber, coal, coffee.

Sweden. *Exports:* Timber, iron, live animals, meat, butter, oats, matches, paper, metal goods.

Imports: Woollen manufactured goods, rye, grain, coal, coke, tropical produce, raw cotton, animal products, metals, machinery.

Norway. *Exports:* Timber, cod, herrings, train oil, matches, paper. *Imports:* Rye, grain, woollen goods, coal, coffee, metals (raw and manufactured), various manufactured goods, live animals.

Switzerland. *Exports:* Silk and cotton goods, watches, cheese, machinery, mixed fabrics, animals, embroidery. *Imports:* Raw silk, raw cotton, wool, grain, metals, minerals, machinery, tobacco, spirits, animals, chemicals, oil, timber, glass.

Chinese Empire. *Chief exports:* Tea and silk. *Chief imports:* Opium and manufactured goods.

Japan. *Exports:* Silk, tea, rice, coal, copper, porcelain, lacquered wares, camphor. *Imports:* Raw cotton, cotton goods, woollen goods, sugar, metals, petroleum, machinery, ships.

South American States. *Exports:* Coffee, sugar, rubber, tobacco, cotton, hides, cocoa, gold, skins and cattle, dye woods and stuffs, rum, molasses, hard woods, bananas, corn, silver, straw hats, gum, copper, tin, nitrate of soda, wheat, barley, guano, wool, tallow. *Imports:* Cotton goods, iron (wrought and unwrought), machinery, coal, woollen goods, lead, zinc, tin, leather goods, linen and jute goods, flour, rice, pork, butter, lumber, food stuffs, textile fabrics, cattle, refined sugar, wearing apparel, railway and telegraph material, pottery, glass, chemicals.

United States of America. *Exports:* Raw cotton, breadstuffs, beef, bacon, hams, butter, cheese, lard, mineral oils, animals, iron and ironware, steel and steelware, wood and wooden goods, tobacco, copper, cotton goods, leather, oil-cake, coal, tar, resin, chemicals, drugs, dyes, medicines, fruits, seeds,

vegetable oils. *Imports:* Coffee, sugar, molasses, chemicals, woollen goods, silk goods, iron and steel (raw and manufactured), hides and skins, flax and jute (raw and manufactured), tin plates, tinware, fruits, wood and wooden goods, raw indiarubber, tea, raw silk.

Such is, then, a review in brief of the commerce of the countries of the world, and it will be noticed what an important part is played by the two rock-bottom necessities—food and clothing.

Commerce hastens the circulation of capital. It reimburses the manufacturer for the original cost of mill and machinery, his purchases of raw materials and the salaries which he has paid. The more rapidly commerce can renew its capital, the more means of activity there are. Commerce has a moral influence over those who follow it. It teaches them not to enter into engagements which they cannot keep, and it teaches them strictly to fulfil their engagements at a fixed time. Commerce brings nations into closer touch with one another; it transforms enemies into possible customers; it makes uniform the business habits and the language of the commercially inclined of all countries. It anticipates its customers, runs risks of increases and decreases in prices, triumphs over space, and succeeds because the responsibility of every trader is immediate and implacable. If he is wrong in his calculations, he loses; if he is right, he gains.

COMMERCIAL ABBREVIATIONS.—The principal of the abbreviations used in commerce are noticed under each letter of the alphabet.

COMMERCIAL AVIATION.—Progress in commercial aviation is so rapid, so many unexpected developments are taking place, and so keen is research into its possibilities, that information relating to it may speedily become out of date. The present article gives the position at the opening of 1920. The petrol driven engine, providing as it did a light and compact motor power, made the navigation of the air a possibility, and there had been, before the outbreak of war in 1914, ten years of experiment and progress. The war gave a tremendous impetus to investigation, and development was increased a thousand-fold. In 1914 it was a nerve-fluttering adventure to make a flight, now flying is looked upon as an ordinary incident of life, Cabinet Ministers fly between London and Paris, the Atlantic has been crossed in a single night, already there have appeared some paying propositions in aerial transport. Since 1914 engines have increased in power from 100 to 600 horsepower in single unit, the aeroplane speed has grown from 60 to 140 miles an hour, the time to climb 10,000 feet has been reduced from an hour to six minutes, and other improvements have corresponded. Nor does progress show signs of slackening. Obviously, however, to evolve a satisfactory competitor with the railway or the motor service, we shall have to concentrate upon other qualities than those mainly considered in the fighting machine; rapid climbing and manoeuvring ability made the good war machine—cheapness, safety, and carrying capacity will be of primary importance for the peace machine.

There may be some revolutionary inventions at hand—the devising, for instance, of a new form of motor utilising the radio-active energy of the earth, or the internal energy of the atom—that will make commercial flying practicable. Till a great reduction in prime cost and in running expenses is so made possible, flying will remain a luxury for

the few, not a convenience for the multiof. Not many of us can afford to imitate the lady who, missing the Atlantic boat-train at Waterloo, telephoned for an aeroplane, motored to Hounslow, and flew to Southampton in time for the boat. The existing services show, indeed, potentialities; there is a daily aerial mail route between London (Hounslow) and Brussels and London and Paris; a daily paper during the summer maintained a delivery from Windermere to Douglas (Isle of Man); and people having urgent business have been prepared to pay for long-distance journeys to special destinations. Already Great Britain and Ireland have been provisionally mapped out to facilitate travel, though owing to our small area and the excellence of our railway service aerial transport can hardly be expected to reveal its greatest possibilities. Flights across sea and land reveal these, from London to Paris by aeroplane takes $2\frac{1}{2}$ hours as against $7\frac{1}{2}$ by train and boat. Hounslow (London) and Lymington (Folkestone) are marked out as starting places for France and Central Europe, Felixstowe (Suffolk) for Holland and Scandinavia. The railway strike of 1919 emphasised the fact that a new agent of transport for mails, passengers, and goods had come into being, but there are mighty problems yet to be solved. The question of cost, for instance, would apparently place the large airship—despite its superior weight-carrying capacity, its power of sustained flight, and its greater safety—out of the question for commercial purposes. An airship with a cargo capacity of 20 to 30 tons costs about a quarter of what an Atlantic liner of 25,000 tonnage costs. And the liner is pretty well independent of weather so that it attains to a regularity almost equal to that of the railway. Yet General Maitland, the senior officer on the R34 during the first Atlantic airship flight, predicts in optimistic mood: "The commercial airship of the not far-distant future will have a 'disposable lift' available for crew, fuel, and merchandise or passengers of 50 to 60 tons. It will have a speed of 90 to 100 miles per hour, with ample accommodation for passengers in the shape of saloon, drawing-room, smoking-room and state rooms, with a lift giving access to a roof garden on the top, and will be able to remain in the air for a week or more at a time. After a journey it will return to moorings like a water-borne ship, only being housed in a shed for periodic overhaul."

The initial cost of an aeroplane is not so serious a handicap; it is approximately that of a first-class motor-car of the same capacity. Running expenses are estimated at about 4s. 8d. a mile. For such a service as mail-carrying over great distances it has, therefore, much scope. It could carry a letter to Calcutta in four days, against the present minimum of 16, and could possibly replace for most purposes the very expensive cable with its limitation of words. The elimination of risk, and the consequent gain of public confidence, is a more serious problem than with the airship, which can stay aloft despite engine trouble, and is less susceptible to accident in fog and mist. But already many safety appliances are in being, and, now that we are no longer absorbed in war problems, ceaseless search is being made for others. Separation of magneto and wireless from the petrol system reduces danger of fire; we are understanding better the use of parachutes at need; an automatic landing gear lessens risk of accidents through bad landings; improvements in the machines themselves and in the training

of pilots are proceeding apace. Regular time-keeping is perhaps less attainable than freedom from accident. Weather conditions may for days together render flying too hazardous; and the enforced idleness would be a serious matter in commercial flying. It would, too, affect both passenger and mail traffic. For an intending traveller would prefer the certainty of arrival by rail or car at a fixed time to the possibility of arriving earlier by aeroplane. However, the rapidly increasing efficiency of aircraft is making them more independent of weather, and scheduled services may soon be possible.

COMMERCIAL CERTIFICATES.—It is a noteworthy fact that commercial examinations were in existence for a good many years before there was any provision on a national scale for commercial education. Another fact deserving of note is that the beginning of these examinations was almost fortuitous. Both are illustrative of the haphazard fashion in which the nation—having to a certain extent recognised the importance of improved education for commercial workers—set about the task of promoting and encouraging it. That examinations should have preceded educational facilities is, perhaps, not altogether a matter for surprise when we remember that in the middle of the last century what Mr. Gladstone termed "the age of examinations" arrived. From this time onward none have escaped these ordeals. That the earlier result of the impulse given to higher education by the first International Exhibition of 1851 was the mere establishment of examination systems was unfortunate, and it is a matter for congratulation that we live under a newer and better dispensation in relation to commercial training. The work which is now controlled by the Board of Education was rendered possible by the Technical Instruction Act of 1889, and the amending Act of 1891, with the concurrent provision of funds by the Imperial Government. Since that period, instruction in commercial subjects as a branch of technical education under national control has made enormous headway, while at the same time the present day demand for commercial education has tended greatly to the improvement and extension of commercial teaching both in endowed schools and in the large private establishments devoted exclusively to commercial instruction. The importance of special training for business life, in both the higher and lower subjects of commercial education, is now so fully recognised, that the resources of the examining bodies are taxed in coping with the papers of the many thousands of candidates who present themselves every year. A brief retrospect will not be without interest in association with the enumeration of present day facilities.

As a sequel to its work for the Exhibition of 1851, the Royal Society of Arts decided to establish examinations as a means of promoting education in subjects above, or beyond those which constitute a general education. In 1854 the first examination was held, at which one candidate was presented. The Society recognised that its first examination was more academic than practical, and the following year saw the introduction of such subjects as arithmetic, book-keeping, French, and German. Examinations in literature, science, and art were in a large measure dropped, owing to the establishment of the Science and Art Department and the organisation of University Local Examinations, so that the examinations of the Royal Society

of Arts are now almost entirely in commercial subjects. Additions and improvements have been made from time to time, but the distinctive original features have been retained. The Society's examinations are throughout in separate subjects, and are open to all who care to sit, irrespective of attendance or non-attendance at any particular school. All the examinations take place on simultaneous dates in the Spring of each year, and at local centres which are confined to the United Kingdom.

The London Chamber of Commerce (Incorporated) about the year 1890 was impressed by the fact that a great deal needed to be done for the promotion of commercial education in both the higher and the lower branches, on specialised and systematic lines, adapted to the requirements of those aspiring to positions in the commercial or financial world. It accordingly instituted an annual examination for Juniors, at the first of which there was an entry of but sixty-five candidates. About four years later, Senior examinations were commenced, which, beginning with a small number of candidates, have attained to considerable proportions. While candidates—either at schools or private students—can sit in single subjects, full Commercial Education Certificates are granted in both the Junior and the Senior grades to those students who take certain specified obligatory and optional subjects. As the Chamber's Junior Syllabus is but slightly specialised, it can be adopted in ordinary schools, because it provides for that sound general education which can alone be the basis of the work of a highly specialised character provided for in the Senior Syllabus. The examinations are conducted by means of local centres, and are held annually in the Spring. (During the last few years there have been examinations held two or three times a year. Full particulars of times and subjects are to be obtained from the Secretary of the Chamber.) They are not confined to the United Kingdom, but are held also in the overseas portions of the British Empire and on the Continent. Local Chambers of Commerce largely co-operate, but there are many centres in association with local education authorities.

Since 1898 the Examinations Board of the National Union of Teachers have conducted examinations, chiefly in commercial subjects, and with elementary, intermediate, and advanced stages. These examinations have been recognised by many local authorities, and, like those of other bodies, are held annually in the Spring. They are not limited to the United Kingdom, but are held also in India and on the Continent. While the examinations are chiefly designed for those who are members of a school or class, external candidates are admitted under certain conditions. A feature of the Board's examination is the granting of group certificates in a preliminary course, which are a qualification for admission to certain technological courses.

In addition to the national bodies, there are several local bodies established as examining institutions in their respective areas. The most important of these are the Lancashire and Cheshire Union of Institutes and the Union of Educational Institutions, which have done admirable work for many years past. For the regulations of all the examining bodies mentioned, and for particulars of the prizes and other awards, the

respective syllabuses published annually should be consulted.

A brief enumeration of the commercial subjects in which candidates are examined is given below—

Royal Society of Arts. Accounting and banking; arithmetic; book-keeping; commercial correspondence and business training; commercial geography; commercial history; commercial law; economics; English, handwriting and correspondence, languages (European and Oriental); précis-writing, shorthand; typewriting.

London Chamber of Commerce. Algebra; arithmetic, banking and currency, book-keeping and accountancy, botany, chemistry; commercial and industrial law, commercial geography; commercial history, commercial history and geography, commercial products, drawing, electricity and magnetism; English; Esperanto, Euclid; geometry, handwriting, languages (European); method and machinery of business, mathematics; photography, political economy; shorthand; sound, light, and heat, typewriting.

National Union of Teachers' Examinations Board. Banking and currency, book-keeping; commercial arithmetic; commercial correspondence; commercial law; drawing, English, Esperanto; geography; handwriting, languages (European); plane and solid geometry, shorthand, theory and practice of commerce, typewriting. These are also the subjects of examination in the cases of the Union of Educational Institutions and the Lancashire and Cheshire Union.

COMMERCIAL CORRESPONDENCE.—In the narrow sense of the word, this term relates to the correspondence which passes daily between traders and manufacturers in the business world, but many educationists give it a wider meaning, and apply it not only to the writing of business letters, but intend it to embrace a knowledge of how the clerical side of business transactions of all descriptions is conducted.

Looked at from this point of view, therefore, the subject includes a thorough knowledge of office routine, from the junior clerk's duties to those of the chief clerk. Filing and indexing must be studied, and more than a passing acquaintance made with inland and foreign postal information. The drafting of telegrams, circular letters, and advertisements, the preparation of commercial forms and accounts, such as Account Sales, Accounts Current, Invoices, Receipts, and Delivery Notes, are distinctly a section of office routine. In the higher branches of the study must be included Sale of Goods, Carriage, Banking, Cheques, Bills of Exchange, and Promissory Notes, Insurance, Import and Export Trade, the Markets of the World, Partnership, Limited Liability, etc. All this, though often loosely designated Commercial Correspondence, comprises an extensive commercial education, to deal with every aspect of which would require a volume of substantial size. For the present purpose, therefore, it is proposed to treat the subject according to its literal interpretation and as relating to business letters and forms which partake of the nature of letters.

The rules for writing business letters will be found in the article LETTERS, but it may be useful to add an example of a memorandum showing the style of heading, etc., generally used. (See p. 386)

MEMORANDUM.

From
THE TEXTILE TRADING CO., LTD.,
65, KING STREET,
MANCHESTER.

To
MESSRS. J. SMEDLEY & SONS,
CHEAPSIDE,
LONDON, E.C.

Our Mr. Blyth will be in town on Thursday next, the . . . inst (or prox) and will have pleasure in calling with the samples asked for in your letter of yesterday's date.

W. P. C.

Memoranda are sometimes initialled by the writer, but are not signed in the same manner as letters. They are used for short notes of the above description and often for enquiries for prices, etc.

Quotations.—Quotations are generally sent on a form partly written and with the essential particulars typed in. Quotations should be signed by responsible persons and the prices named should be carefully checked, otherwise a serious position might arise should a quotation, which errs on the side of being too small, be accepted before the error is discovered.

An example of a quotation is appended, the written or typed portions being indicated by italics.

Duplicates of quotations should be carefully preserved for reference, and may be kept by taking a press copy or a carbon duplicate.

Orders.—An order is a written or verbal instruction to supply goods as per particulars stated at a specified price. A copy should always be kept, and for this purpose the majority of firms use the carbon duplicate book. The essential particulars are filled into the printed forms, which are numbered consecutively.

QUOTATION.

May 31st, 19..

From
WILSON BROS., LTD.,
WATLING ST. MILLS,
ROCHDALE

To
Messrs. Stevens & Lord,
39, New Street,
NOTTINGHAM

Dear Sirs,

In reply to your esteemed inquiry of the 30th inst, we have pleasure in quoting you as follows for the goods mentioned therein—

30 Pieces, 27 in × 50 yards, Pattern No 1765, Fancy Shirtings, at 5½d. per yard.

Terms: Monthly.

Carriage: Paid to Nottingham

Delivery: 2/3 weeks

Trusting to be favoured with your order, which shall receive our best attention,

We are,

Yours faithfully,

For WILSON BROS., LTD.,
A. P. Smart,
Manager.

No. B2519.

ORDER

From
STEVENS & LORD,
39, NEW STREET,
NOTTINGHAM.

To
Messrs. Wilson Bros., Ltd.,
Watling Street Mills,
ROCHDALE.

Please supply the undermentioned goods, and charge the same to our account.

Yours faithfully,

STEVENS & LORD,
per S. Brown.

30 Pieces, 27 in × 50 yards, Pattern No 1765, Fancy Shirtings, at 5½d. per yard,
as per your quotation of the 31st May, 19..

Delivery: 2/3 weeks

Per L. & N.W. to Nottingham Station, Carriage paid.

Please quote order No. on invoice

Enclosing Remittances.—With the object of saving labour in despatching remittances, most firms use a printed or lithographed form of letter after the style of the following.

"EXCELSIOR WORKS,"
LOUGHBOROUGH,
31st May, 19...
Messrs. Bailey & Brown have pleasure in
enclosing cheque value £48 15 0
which, with discount; 1 5 0
£50 0 0

will balance your account to the end of May.
An acknowledgment in due course will oblige.

Acknowledgments. A similar form of letter is sometimes used when acknowledging receipt of a remittance. The following is an example—

• 39, LORD STREET,
• LIVERPOOL,
1st June, 19...

Messrs. Rennie Bros., Ltd., beg to acknowledge with thanks receipt of your cheque for £48 15s., which has been duly placed to the credit of your account, and for which formal receipt is enclosed herewith.

Advices. Another formal communication—generally by post card—is the Advice. Its use is to notify consignees of the despatch of goods. When an invoice is sent, however, that is generally sufficient

WILTON PAPER MILLS,
BELFAST,
1st June, 19...

We beg to advise you that we have to-day despatched to Lancaster Station, L. & N.W. Ry., 20 Reels, 35½ in., White News, Marked L.M. 1/20. Carriage paid

For WILTON PAPER MILLS, CO., LTD.,
Proprietors, J. M.
"Lancaster Mercury,"
LINCASTER.

COMMERCIAL COURT.—(See HIGH COURT)

COMMERCIAL CRISIS.—The commercial crisis is a phenomenon which occurs at more or less irregular intervals. It is seldom that a period of more than seven years passes without a crisis, and although on each occasion the crisis may be attributed to a different cause, such as war, poor harvests, etc., it certainly would appear as though, in spite of the marvellous development of modern commerce and industry, there were some fundamental defects in our economic structure, leading inevitably to periods of depression. During a period of industrial activity the demand for products and manufactures grows and prices tend to increase, this engenders a feeling of prosperity and confidence in the minds of manufacturers, who use all possible means to increase their output, make extensions to their works, and increase their commitments in various ways. If, as is often the case at the commencement of a period of industrial activity, loanable money is plentiful, no great difficulty is experienced in borrowing the necessary money, and it is perfectly good business for a manufacturer to borrow money at 5 per cent. if he can earn 10 per cent. or more upon it. This happening on all sides, what occurs is that production overtakes the demand, and as this gradually

becomes perceptible, manufacturers find themselves compelled to reduce prices in order to secure orders; then as extension of works and new undertakings, which have been brought into existence by the prospective profits based upon the high prices, come into operation, this becomes accentuated, and, with falling prices and possibly with their loans called in by bankers, who at such times reduce their credits, the position of many manufacturers who have no large outside capital resources (and most manufacturers have practically all their available capital sunk in their businesses) becomes unenviable. Meantime they, in common with thousands of others similarly circumstanced, have found it necessary to reduce the number of workpeople employed, which reacts upon the general condition of industry, for obviously the placing of a number of people out of work reduces the purchasing power of the community. All these circumstances, multiplied by the thousand, and one reacting upon the other, contribute to a general state of depression, and sometimes, when over-speculation has become rampant, to a positive panic.

Sometimes a commercial crisis can be strictly attributed to a specific cause. For example, the absolute failure of the American cotton crop can paralyse the whole of the textile industry—perhaps the most important industry in the United Kingdom—the effects of which would be felt immediately throughout all the manufacturing countries of Europe. Sometimes a crisis may be caused purely through speculation in one commodity, e.g., oil or copper, and again it may be brought about, or considerably aggravated, by a bad currency system, as in the United States; and the inter-relationship of the different peoples is now such that a crisis in one commercial centre is immediately felt in every other centre.

It is impossible here to refer more than briefly to the causes of commercial crises, but we shall not be far wrong if we say that the principal cause is summed up in the word over-production. In this respect the tendency towards concentration in industry in the shape of creations of vast trusts and combines appears to be scientifically sound, although it may involve other disadvantages from the public point of view, in that it is a great temptation to exploit the public once a virtual monopoly in the manufacture or supply of a commodity is acquired. With a vast number of small producers, each blindly working feverishly to secure the maximum profit within the shortest possible time, without regard or even knowledge as to the cumulative effects of such action on the part of himself and of his fellows, no attempt can be made to adjust production to consumption. This is well illustrated in the case of the building trade, which suffers from periodical crises caused by over-building.

Just as a period of industrial activity leads to a period of depression and sooner or later to a commercial crisis, so a period of depression leads up to another spell of industrial activity. The weak men go to the wall, thus reducing the number of producers, and with the gradual slackening of the demand for money, loanable money becomes cheaper. Gradually production diminishes until the demand overtakes it, and the whole thing commences over again. In fact, the course of commerce and industry may be traced by a series of curves, not all of equal length, but a depression following inevitably upon an upward movement, and vice versa.

COMMERCIAL EDUCATION.—The pre-eminent position of the United Kingdom in the world of commerce, which has been enjoyed for many years, makes the highest class of commercial education and efficiency an absolute essential to the successful retention of this country's supremacy.

The sons and daughters of the Kingdom, with its enormous imports, exports, and shipping—retailing, for the moment, to pre-war days—and its probably more enormous home trade, need to be fully and fairly equipped with the most scientific training and the best business methods, to hold their own, to say nothing of increasing the lead, against our foreign rivals. The Empire upon which the sun never sets has largely grown to be so in consequence of the vastness of its trade, and that trade has been favoured in the past by most exceptional circumstances in the shape of natural and political advantages. The wealth of its coal and iron fields and the great start which it obtained at the beginning of the Industrial Revolution placed this country in a most favourable position, and the impetus gained rendered the population peculiarly fitted to carry out the work demanded under the new condition of affairs. Machinery attained its proper position, but meanwhile no effort was made to improve the education of the workers. Indeed, the need of education was rather denied, especially as the prosperity of the country continued without its aid. All this was very well, from a merely material point of view, so long as there was no formidable competition to fear. Until half a century ago we had what was something approaching a monopoly of shipping. Our merchant vessels carried our manufactures to the furthest corners of the globe, in return they brought us necessities and luxuries from every clime; and not only did we ship goods for ourselves, but we carried the goods of other countries, which vastly increased the stores of wealth which poured into the coffers of the nation. In certain departments of manufactures we were unrivalled, and many of our princely merchants imagined that the era of prosperity was to continue from generation to generation, and that the means which has sufficed to bring prosperity into being were sufficient to maintain it when once it had been obtained.

But after about a century of this state of things a great change came over the world. The last three decades of the nineteenth century saw the rapid rise, in a commercial sense, of Germany in the Old World and the United States in the New World. The manufactures of each of these countries advanced by leaps and bounds. They began to slip into the foreign markets which had once been almost exclusively our own, and even to compete with us successfully in some of our home markets. Their competition became keener in the early years of the twentieth century, and was most acute at the time of the outbreak of the Great War in 1914. And in the year just named not only were Germany and the United States great and formidable rivals for trade in every part of the world, but Japan had become a powerful commercial antagonist in the Far East, and even China was waking up to a knowledge of her possibilities in the way of trade. It is not to be supposed that other nations had remained at a standstill, or that countries in addition to those mentioned had failed to enter into the trade arena, but these four are singled out as showing what was being done by old countries and new countries alike

to secure a place in the commercial world which had been so long looked upon as a good British preserve. It cannot be forgotten that much of our own complacency and belief that "all would be right in the end" and that "we should muddle through" had been fostered by the expressed beliefs of good economists, foreign as well as native. But the awakening had undoubtedly begun at the time of the outbreak of the Great War, and the demands for education on a better commercial basis were being made by all those who clearly foresaw the struggle for supremacy which was ahead.

It might be interesting to speculate as to what might have happened if there had been no war. The highly skilful and scientific training of the Germans could not but have told against us most seriously, and the same is true of the United States. But it is sufficient to consider what is the state of affairs in the year 1920, and to see what has been done, what is being done, and what ought to be done in the great era which is before us.

In spite of the havoc of war and in spite of the bitter international feelings which have been engendered and which cannot fade away for some time, there is undoubtedly a great struggle for commercial supremacy ahead, and if ever it was necessary for a country to wake up and seize every possible chance, it is now necessary for the United Kingdom to do so. We have suffered and suffered severely in a material sense. Our shipping has been terribly reduced, our industries have been handicapped in ways which it is superfluous to mention, and our opponents are pushing forward. No matter what has taken place in Germany, it is to be borne in mind that she is still a well-equipped nation so far as her people are concerned. The United States are more prosperous than ever. And referring to the two other nations which have been previously mentioned, Japan and China are keenly on the alert. The battle for supremacy in the world of commerce is in its early stages, and it will quickly grow to a greater and greater fierceness. But there can be no doubt that the battle will be won by the best equipped, by the nations whose knowledge and grasp of commercial essentials are most real. These commercial essentials will be the result in a great measure of proper training for commercial life and a proper understanding of the economics of commerce. It is just as true to-day, as it was when the words were spoken, to say with the late Lord Goschen: "We shall not hold our own unless we develop the commercial education of the country."

The end in view of scientific education is to fit us to occupy the position that we intend to take up in life. The artist may neglect science, the scientist may neglect art, the elementary school teacher may neglect commerce, but the business man must not neglect a proper training in those things which will fit him to be a successful manufacturer or merchant, and enable him to hold his own with his foreign rivals.

This education should begin as early as possible in the life of those destined for business. Not, of course, in the elementary school, for there the teachers' duty is to train the children to observe, to question, and to think; its function is purely educative; but from the elementary school should be drafted those who intend to make business their life's work into a higher specialised school, where the subjects taught will all have a bearing

upon their future trade or profession. Boys of the age of thirteen should have an opportunity of attending a commercial day school, where they will be taught, not one particular phase or aspect of business, but useful and practical subjects which will be of material help to them, no matter what branch of industry or commerce they subsequently take up: Correspondence, Business Methods, Commercial Geography, a knowledge of the functions of Banks and Exchanges, Insurance, Book-keeping, Shorthand, etc., and particularly modern languages. Dead languages may be left to those who do not need to take up a commercial career, or who are training for a purely scholastic profession, or for literature, medicine, the Church, etc., but the commercial school should be in evidence in this the greatest of commercial countries more so than in any other, so that the poorest youth on leaving the elementary school may have an opportunity of fitting himself for his future, equally with any youth of more fortunate circumstances. To-day is supposed to be the day of the poor boy, but it never can be truly so until the poor boy has an opportunity to learn in the day time the rudiments and essentials of his intended work.

• There is no doubt that the age fixed for leaving school has been placed too low. But it is quite certain that the only way of getting compulsory education was to proceed by carefully graduated steps. The first statutes relating to anything like universality of education were passed about half a century ago, and upon the foundation then laid it has been the aim and object of all those who are interested in the elevation of the masses of the people to build up a system which shall compete successfully with the systems of other countries, and assist us in retaining the advantages which have been conferred upon us from other sources. There was then the era of continuation schools, always held in evenings. Although these cannot be set down as a failure, the lack of anything like compulsion and the absurd regulations as to the maintenance of classes—in the vast majority of cases the number of those attending the classes and not the quality of the instruction imparted was the sole test applied—never gave these classes a proper chance. The better methods of more recent years have taken away some of the reproach of evening continuation schools, and the whole matter has been dealt with at great length in the Education Act, 1918. (See CONTINUATION SCHOOLS, and EDUCATION.) Nevertheless, it will require all our national energy to place us in a really sound position, and the working of the new Act will be followed with interest.

Many an ambitious man, already launched in business, has reason to regret that his early education was too academic. From a literary, classical, or a "general" point of view, it may or may not have been valuable; but as it lacked those essentials which concern the method by which he earns his livelihood, he has been compelled, in the past, to do double work by attending evening classes to make up for the deficiencies of his early education. No amount of after study, however, can compensate for the loss of youthful education designed on the right lines. It is only at the outset of his career that the education of the future business man can be acquired in so adequate a manner that his mind and habits may become, so to speak, cast in the business mould. And it is this at which the new Education Act aims.

The course of study suggested below is not

intended to be a model course, but while it may be enlarged upon, all the subjects named therein should take their place in any scheme of commercial education.

(1) A knowledge of the commodities of commerce (especially of that in which a person is, or intends to be, engaged)

(2) English.

(3) Modern languages. French should be acquired in any case, and to this another language should be added. At present it is the fashion to decry the German tongue. It will, however, remain a most important commercial language in spite of all that has happened. Instead of German there is now a tendency to give more attention to Spanish. In view of the increased communication and business relations with South America this is an excellent idea.

(4) Book-keeping and Accounting.

(5) Correspondence and Office Routine.

(6) Banking (including Bills of Exchange, Cheques, Notes, etc.) and Insurance.

(7) Exporting and Importing.

(8) Mercantile Law.

(9) Organisation of Offices and Works.

(10) Arithmetic.

(11) Commercial Geography (dealing especially with the geographical distribution of commercial commodities, trade routes, and means of conveyance to important markets)

(12) Shorthand.

Needless to say, the teachers of these subjects should be practical men fitted for their work by special knowledge and experience of the subjects undertaken by them.

Although much has been done in recent years to develop commercial education in this country, the system does not in any way approach that which might reasonably be expected to be in operation in so great a commercial nation. Too much has been left to the Chambers of Commerce—which have done most praiseworthy work—and private initiative, and too little has been borne by the right shoulders—those of the Government. One cannot but think of the splendid and successful efforts of the London and Bradford Chambers of Commerce on behalf of Commercial Education without a feeling of thankfulness that those engaged in commerce not only know the needs of commerce, but strive to satisfy those needs by educating the community.

• It is true that we have a few Day Schools of Commerce, and that a Faculty of Commerce is granted by several universities; but it is also true that these are the exceptions and not the rule. The lead given by our younger universities has been followed up by London University, and the splendid work of the Metropolitan University in the past in every branch of education augurs well for the success of this new scheme.

COMMERCIAL HANDWRITING.—That writing is not so good as it used to be has become a commonplace remark accepted on all hands. Modern methods have ousted it from the pride of place it once occupied with its sister subjects, reading and arithmetic. In the days of our grandfathers, penmanship was looked upon as a subject well worth acquiring. Nowadays it would be a difficult matter to find the counterpart of the writing master of the old days. Of all the adverse influences to writing, the typewriter must be reckoned the foremost. Great, however, as are the manifest advantages of

the latter, there is still much left that the pen alone can accomplish. Clerks and business men generally, therefore, should consider it worth while to acquire a proper knowledge of the art of penmanship. One of the most glaring anomalies of our educational system consists in the lack of method in the teaching of this subject. Children are taught to make the letter forms by finger action. This is done usually with the wrist held down, whilst the fingers are contorted and strained. Hence, in the school, the foundation of bad writing is laid.

When we realise that weighty volumes have been written dealing with the correct methods of holding and using golf clubs and cricket bats, it does seem somewhat discreditable to us as a nation of practical business men that we go on blindly ignoring the elementary principles that should guide us in the art of penmanship. In the United States and Canada this state of things is unknown. Keen on anything that makes for efficiency and expedition, their schools place the subject in a prominent place in the curricula. To enable a child to write without nervous or muscular strain is something which our American cousins think well worth striving for. The economic factor, too, is not lost sight of. A boy who can write quickly from his arm is obviously worth more from the commercial standpoint than one who writes slowly with his fingers. One of the severest indictments levelled by business men at our educational system is that a boy on leaving school is often unfitted for the simple duty of addressing envelopes. There is no blinking the fact that there is much truth in the charge. The boy, then, as a rule begins to learn his writing after he leaves school, and, of course, without principles of any kind. Some, subconsciously, adopt methods approximating to the correct ones, and learn to use their arms, whilst others depend on finger movement alone. To these latter writing ever remains a laborious and irksome duty—something to be shunned as a plague, rather than practised as a pleasure. It is possible for everyone to become a good writer, by which is meant one who can write a clear, regular, and legible hand, and these, after all, are the leading features of good penmanship. A tendency to scribble is something that should be guarded against. It is indubitable that writing can only be done rapidly up to a certain point—a point where the action is governed and controlled by the mind and the muscles. Just as a distinction is made between walking and running, so should a similar comparison be drawn between writing and scribbling. It has been remarked that the man of ordinary education who is a first-rate penman, can always command a situation. To a junior in business, writing is of especial value, inasmuch as it forms a standing advertisement of his ability in a particular direction, and has the effect of drawing attention to himself. In this respect, it has a decided advantage over more solid but less noticeable acquisitions. The ambitious junior having attracted the notice of his employers by his writing may, by adding to his stock of knowledge, and by the cultivation of business habits, rapidly build up a reputation that will help him to go far on the road to success.

Pens. The right kind of pen to use is largely a matter for individual choice. There are, however, many pens on sale that it would be wise to avoid. An ideal penholder is one that is not too thick, about 7 in. long, and is well balanced. The common red penholder, supplied to schools, satisfies

these conditions when the barrel is fixed in such a way as to prevent it slipping round the holders. Plated or polished barrels do not give the gentle grip one needs. A medium pen nib is the best for general use. Fine or broad nibs, of course, have their special advantages.

Holding the Pen. Special attention should be given to the following directions, as success, to a great extent, depends on mastering them. Though writing masters differ concerning small points, they are practically unanimous in accepting the main principles as here laid down. The correct position may be acquired by noticing the hand as it hangs by the side when walking. The fingers take an inward curve towards the palm, and the muscles are at rest. With the hand in this position, the arm should be gently laid on the desk in such a manner that the right corners of the third and fourth finger nails touch the paper, without the wrist or hand coming into contact with the desk. There will, then, be three points of contact, the pen-point, the third and fourth finger nails, and the underpart of the forearm. The forearm position is of the utmost importance, it ensures the pen points touching the paper evenly by directing the holder towards the shoulder and helps to impart that clean finish to the stroke which is the hallmark of good penmanship. All the movement needed from the arm may be obtained without lifting it from the desk, the soft muscles of the underpart acting as a pivot. The tendency of the forearm to roll over on to the right bone must be carefully avoided. If it should happen, the pen will, of course, be out of position, and work across the points, causing fluffiness and inequality of line. A coin placed on the wrist will help to cure this tendency. Whilst the coin remains the arm will be in the right position. The thumb should be bent and placed opposite the first joint of the first finger. Writers seeking improvement find in this a stumbling-block. Having by force of habit used the thumb fully extended, exceptional vigilance is needed to keep it fixed as described. Inattention in this matter will prevent the arm moving as it should. The first finger should be arched and laid on the pen, the second is placed at the side just above the root of the nail, the third and fourth rest on the nails as previously described. The pen should be held gently. Let there be no tension anywhere. The body should be held as erect as possible, both arms resting on the desk, with the elbows pushed out. The book or paper must be kept parallel to the edge of the desk.

Movement. Movement should come from the arm sliding up and down on the third and fourth finger nails, the action resembling that of a piston rod. In doing this, the wrist must not touch the desk. The movement should be smooth, rhythmical, and easy. Pausing and jerky movements should be avoided. In writing small letters, allow the first and second fingers to move with the thumb, hand, and arm together. By placing the forefinger about 2 in. from the pen point, this combination of movement becomes an easy matter. The arm alone should be used in making capitals. The movement is delightfully easy when once understood. It consists in producing letters by free, unchecked movement without the least trace of pause in the stroke. The capital C may be cited as an example. This letter is frequently formed by three separate movements. The first by a slow upward finger movement; the second being a combined finger and arm

movement pressed heavily down, whilst the third is usually a rapid flourish. This laborious method represents an amount of mis-spent energy in place of what should be an easy and natural operation. To produce this letter or any other capital in one free stroke from the arm is much easier, ensures better form, and occupies one-half the time of the former method. Downstrokes may be thickened by pressure from the forefinger; but this must be done without any slackening of speed. In practising capitals, the letters should be written on a large scale, about 2 or 3 in. in size. The arm movement is then easy. As facility is acquired, the exercises should be reduced to the size of ordinary writing. The size of capitals should depend upon the size of the small letters they accompany. To make the capitals twice as large as the small letters is a good rule, especially for account books. By keeping the looped letters the same size as the capitals, a

narrow white space will separate one line from another, and throw up the writing.

Style. Unnecessary ornament should be left out. Only the skilled penman may indulge a tendency to flourish, and even then but sparingly. To the ordinary writer the best advice is to aim at a style which shall be easy to write and easy to read, with just enough beauty of form to render the effect pleasing.

The exercises accompanying this article have been done with ordinary steel pens, and appear just as they were written, without re-touching or alteration of any kind. Being photographically reproduced, they are, of course, exact copies slightly reduced of the original manuscripts.

Students are, however, urged not to depend entirely for improvement on these examples, but are recommended to consult the treatises on *Handwriting* issued by the publishers of this work.

January 15. 19.

Received of Mr. H. H. H. the sum
of Ninety five pounds for value received

£95 0 0

George W. H. H.

a b c d e f g h i j k l m n o p q r s t u v w x y z

A B C D E F G H I J K L M N O P Q R

S T U V W X Y Z

London
Jan'y 5. 19.

Three months after date I promise
to pay to James Anderson the sum
of twenty five pounds for value
received

Richard G. H.

£25 0 0

a b c d e f g h i j k l m n o p q r s t u v w x y z

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

1 2 3 4 5 6 7 8 9 0 Value received £4319 8 6

Plain writing done with a medium pointed pen.

Benjamin Stokes and Company Limited

This style of writing is suitable for book-keeping

*a b c d e f g h i j k l m n o p q
r s t u v w x y z*

A B C D E F G H I J K L M N

O P Q R S T U V W X Y Z

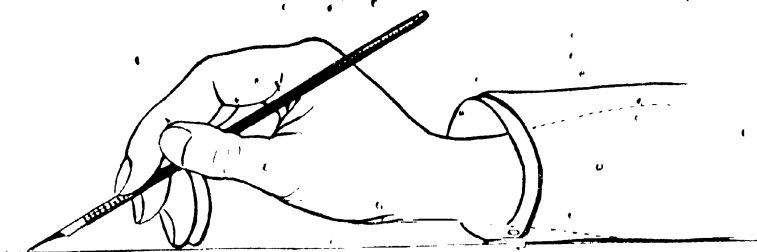
1 2 3 4 5 6 7 8 9 0 £ 13 6 8 7 value received

*Free style of continuous writing adapted
for rapid writing*

*G W Spencer & Co Engineers
Birmingham*

E H Osborne Limited

Richard E Bennett & Co



POSITION OF HAND AND ARM.

N.B.—THE RIGHT CORNERS OF THE SURFACE OF THE THIRD AND FOURTH FINGER NAILS
ARE RESTING ON THE DESK.



VIEW OF THE HAND HELD UPWARDS SHOWING POSITION OF THE FINGERS WHEN THE HAND HANGS BY THE SIDE

COMMERCIAL LAW.—The term Commercial Law, or its equivalents—*Mercantile Law* and *Lex Mercatoria*—is used, in a general way, to denote those portions of the law which deal with the rights and obligations springing out of the transactions between mercantile persons. It is only for convenience that the term is applied to a portion of the law, and the selection is quite arbitrary. The law of England knows of no such artificial division. In recent years a court has been established which is called the Commercial Court on the King's Bench side of the High Court of Justice, and to this court has been assigned the trial of causes "arising out of the ordinary transactions of merchants and traders, amongst others, those relating to the construction of mercantile documents, export or import of merchandise, affreightment, insurance, banking, and mercantile agency and mercantile usages." But it is not always easy to discover what is and what is not a case which may or may not be assigned to the special court, nor are the rules of the High Court always very helpful in the matter. Still, as this is essentially a matter of practice, it is unnecessary to pursue the subject further, at least so far as the question of legal procedure is concerned.

The principal source of Commercial Law is the common law of England, *i.e.*, the law of England as administered in the King's courts after the Norman Conquest (See COMMON LAW). The common law became settled after the middle of the thirteenth century, but that was too early for all the requirements of commerce which sprang up after that period. Consequently, many modifications were necessary, and these have been brought about by the influence of equity, the force of statutes, and the prevalence of custom. Equity is that supplemental law which was administered formerly by the Court of Chancery for the relief of those suitors who could not find an adequate remedy in the common law courts. By degrees the rules of equity became just as fixed as the rules of common law, but the two systems of English law were kept quite distinct until the passing of the Judicature Acts of 1873 and 1875. Now, law and equity are administered equally in all the courts, and it is laid down as a general principle that when there is a conflict between the rules of equity and those of the common law, the former are to prevail. Statutes signify Acts of Parliament, dating from the time of Henry III to the present

day. An Act of Parliament is superior to and overrules any rule of common law or equity.

But custom has played a great part in framing what is known as commercial law, and the various customs which have been proved to be of advantage have become part of the common law, and have often been specially sanctioned by statute. These mercantile customs came into existence very freely at a time when little or no attention was paid to trading, and when the statute law of England was mainly occupied with the tenure of land. These customs sprang up amongst merchants and traders, and they were absolutely essential for the conduct of business, though quite unknown to the law of the land. Their origin was various. Some were derived from the practices of foreign merchants, some were taken directly from the Roman law, and others, especially those referring to maritime commerce, were adopted from the various codes put forth by some of the leading cities of southern Europe at different periods of their existence. The conservative tendencies of the old English judges made it extremely difficult for the traders to obtain the slightest recognition for these customs and usages, no matter how prevalent they might be shown to be; but a change came about in the generation of lawyers who exercised a powerful influence after the Revolution of 1688. The first great mercantile judge was Lord Holt, who was the Chief Justice in the reign of Anne; but even he would not admit the existence of customs and usages except with considerable limitations. This is well shown by an extract from the judgment of the leading case of *Goodwin v. Roberts*, which was tried in 1875. The extract about to be quoted indicates very clearly the difficulty there was, rather more than two centuries ago, to obtain a judicial recognition of the practice of treating promissory notes as negotiable instruments (*q.v.*).

Chief Justice Cockburn says as follows: "Thus far the practice of merchants, traders, and others, of treating promissory notes, whether payable to order or bearer, on the same footing as bills of exchange, had received the sanction of the courts, but Holt having become Chief Justice, a somewhat unseemly conflict arose between him and the merchants as to the negotiability of promissory notes, whether payable to order or to bearer, the Chief Justice taking what must now be admitted to have been a narrow-minded view of the matter, setting his face strongly against the negotiability of these instruments, contrary, as we are told by authority, to the opinion of Westminster Hall, and in a series of successive cases, persisting in holding them not to be negotiable by indorsement or delivery. The inconvenience to trade arising therefrom led to the passing of the statute of 3 and 4 Anne, c. 9, whereby promissory notes were made capable of being assigned by indorsement, or made payable to bearer, and such assignment was thus rendered valid beyond dispute or difficulty. It is obvious from the preamble to the statute, which merely recites that 'it had been held that such notes were not within the custom of merchants,' that these decisions were not acceptable to the profession or the country. Nor can there be much doubt that, by the usage prevalent amongst merchants, these notes had been treated as securities negotiable by the customary method of assignment as much as bills of exchange properly so-called. The statute of Anne may, indeed, practically speaking, be looked upon as a declaratory statute,

confirming the decisions prior to the time of Lord Holt."

Other great judges in the eighteenth century were more and more amenable to the value of mercantile customs and usages, and the name of Lord Mansfield, who died in 1793, will always be honourably connected with this improvement. It was largely owing to his perseverance that so much of what had previously been merely customary usages existing amongst merchants and traders became a part of the common law of England, and at the present day if it is satisfactorily proved that a custom is in general use and is approved and acquiesced in by a large body of the community to which it especially applies, a judge is bound to take judicial notice of it as though it was a particular legal rule.

In connection with this growth of mercantile law, it is useful to consider the following extract, which is taken, like the one above given, from the judgment in *Goodwin v. Roberts*—

"The law merchant is sometimes spoken of as a fixed body of law, forming part of the common law, and, as it were, co-eval with it; but as a matter of legal history, this view is altogether incorrect. The law merchant thus spoken of with reference to bills of exchange and other negotiable securities, though forming part of the general body of the *lex mercatoria*, is of comparatively modern origin. It is neither more nor less than the usages of merchants and traders in the different departments of trade, ratified by the decisions of courts of law, which, upon such usages being proved before them, have adopted them as settled law with a view to the interests of trade and the public convenience, the court proceeding herein on the well-known principle of law that, with reference to transactions in the different departments of trade, courts of law, in giving effect to the contracts and dealings of the parties, will assume that the latter have dealt with one another on the footing of any custom or usage prevailing generally in the particular department. By this process, what before was usage only, unsanctioned by legal decision, has become engrafted upon, or incorporated into, the common law, and may thus be said to form part of it."

It follows, therefore, that when once a general usage or custom has been judicially ascertained and established, it becomes a part of the law merchant, and courts of justice are bound to know and to recognise it.

By degrees, the law connected with special branches of what is generally known as Commercial Law is being drawn up in separate statutes, and sooner or later a very considerable codification will be effected. The best known instances of codification so far are the Bills of Exchange Act, 1882; the Factors Act, 1889; the Partnership Act, 1890; the Sale of Goods Act, 1893; the Merchant Shipping Act, 1894; the Companies (Consolidation) Act, 1908; and the Bankruptcy Act, 1914.

COMMERCIAL PRODUCTS.—All the most important commercial products of the world are noticed under separate headings in their alphabetical order.

COMMERCIAL TRAVELLER.—A commercial traveller is a person who is sent out by a business house as its representative or agent for the purpose of procuring orders for the principal or principals for whom he acts. His position depends entirely upon the agreement which he makes with his principal. Sometimes he is paid by means of a salary only, but, in the majority of cases his

remuneration depends upon the trade which he introduces, i.e., he is paid by commission. He is not in the position of a commission agent, as he never sells on his own account, but procures orders for his principals, who act upon his orders and instructions. When employed in the United Kingdom, he is under no special restrictions; but if a commercial traveller is employed to go abroad, it is essential that he should acquaint himself with all the requirements of the countries which he intends to visit. Most countries impose a tax upon such persons, but the details connected with all matters relating to commercial travelling abroad must be ascertained from the consular representative of the particular country.

It is of the utmost importance that the terms of the engagement of a commercial traveller should be set out in writing. Of course if the engagement is to extend over a year it must be so evidenced by writing under the Statute of Frauds (*q.v.*), but difficulties so often arise as to the conditions of employment, the length of notice, and the orders upon which commission is to be paid, that every effort should be made to leave nothing to chance. It is generally the commission payable in respect of what are known as "repeat orders" that causes the greatest difficulty, and it is not easy to lay down clear and inflexible rules for the various decisions that have been given. A properly drafted agreement will save much trouble and the delay and annoyance consequent upon the same.

COMMERCIAL TRAVELLING.—The question at times arises whether it is better to spend money on advertisements and bring trade to you or to send out travellers to take trade into the world. There is much to be said on both sides, and probably a judicious blending of the two methods is the most effective plan. The traveller, though, brings the personal touch into hard business relations. He is the link between the producer, evolving schemes for an increased and cheapened output, and the consumer, interested in the quality of the goods and the price paid for them; he is the channel of communication whereby the wants of the world are transmitted to modify products; he is the buffer preventing shocks, softening complaints, explaining defects, restoring equanimity to incensed buyers, and obtaining concessions for them from sellers.

To a young man just taking up a business career, two points are frequently urged in favour of commercial travelling—

1. It is of great educational value.
2. It is often particularly advantageous as a stepping-stone to some lucrative appointment, travellers being in a favoured position as regards the opportunity of discovering promising "openings."

With regard to the first of these points, there is no doubt that commercial travelling is most valuable as an educational life. It has been said that the commercial room, the merchant's office, the tradesman's shop, the stock-room, and the railway train are all parts of a great business college, where a man can learn more in two or three years than he might under other circumstances in ten.

As to the second point, it is a fact that most men become commercial travellers with the notion of changing their means of livelihood later, although some find that in becoming travellers they took up the right life-task. Men have made fortunes on the road before now, but for one such it is easy to find many who obtained success in one part or other of

the world of commerce by their alertness in finding new openings and then readiness in taking advantage of opportunities.

Obtaining a Position. There cannot be laid down any invariable rule for obtaining an appointment as a commercial traveller. It is by no means difficult to secure such a position, but it may be necessary at first to take up an agency that has nothing in its favour except the fact that it will lead to a good opportunity later. Almost anyone can get commission agencies where they will be paid on the results they are able to obtain for their principals. But it is the men who work on commission who are likely to regret their choice of occupation, although the commission method of payment is still a favourite one in some lines, and there have been a good many men who have done well out of it. Still, the young man desirous of taking up the calling should try to obtain a salaried position. It is more difficult to obtain, but easier to retain, as the salary makes the task possible when he has got it. To obtain a salaried position, a man may need influence, special arts of putting his case before likely firms, or he may have to spend a certain amount of time in an indoor position awaiting his opportunity.

Payment on Commission. This much may be said for the "commission" method of payment: the biggest incomes made by travellers are more frequently on that basis, and there are certain firms which have very successfully adapted themselves to working on that line. But the beginner "on the road" will be wise to avoid commissions if he can possibly do so. The experienced man, however, if he has an established connection and has proved his ability to influence heavy trade, may find that he will earn a larger income by working on a commission method of payment.

Necessary Qualities. A thorough knowledge of the goods and an unerring judgment as to the requirements of the customers are the chief characteristics necessary in a commercial traveller. And, to be successful, he must be a hard worker. He must learn to have faith in himself, in his goods, and in his firm. He must be polite and courteous in his relations with his customers, and have the gift of accurate and quick perception in order to be able to judge of the particular circumstances of a case. Tact and patience, too, are valuable assets to the traveller. Moreover, the "commercial" must possess an honourable character and be master of himself so as to be capable of withstanding the temptations which follow from the freedom of a traveller's life. This fact of freedom strikes none so forcibly as the man who has just gone out from a well-disciplined office to travel at some distance from headquarters. The change is so abrupt, the sense of liberty so keen, the absence of restraint so apparent, that the uncontrolled mind may become unbalanced.

The traveller meets and must adapt himself to the morose and taciturn, the jovial and exuberant, the man whose whole soul is business and the man who regards business as a mere incident. And he must leave them all in a good humour with him and his firm. He must, in fact, be the concentrated essence of tact if he goes through the week without mishap, without hurting some sensitive soul. His task is exacting, but the gains are great.

Other qualities that go to make a successful traveller are the possession of a healthy body and a healthy mind. These two things, which often go

together, greatly help their possessor on the road. The work is more nerve straining as a rule than are indoor positions, and the hours are longer, so that the calls upon resources of thought, energy, and health are more frequent and pressing.

Duties. With regard to the usual duties of commercial travellers, a few general observations may be made. The traveller must try to maintain the old customers of his firm, regain any that have been lost, and be continually endeavouring to enlarge the circle of buyers by the acquisition of new ones. Connected with this is the supervision of the old customers and the correct estimation of the new ones in regard to their credit and solvency. Then, frequently, the traveller is responsible for the collection of outstanding debts from the customers, and so carries with him statements of their accounts. He may be entitled to accept payments and give legal receipts, and when this is the case he occupies a particularly important and responsible position. If a traveller wants to do more than merely his ordinary duties, and if he desires to become a true guardian of the interests of his firm, there are generally many opportunities. He may discover new needs and wishes of the firm's customers, he may watch the actions and measures of competing firms, the fluctuations of the market, the alterations in taste and fashion, etc., and report his observations to his firm.

Town Travellers. The work of some commercial travellers is confined to the towns in which they live. The work is rather monotonous, but for a man of modest ambitions and of passable business ability, the life is one holding many advantages. It is an open-air, healthy life, and enables one to live at home—the latter a great consideration to lovers of their own fireside. Most town travellers probably report at the offices of their firms at pre-arranged times each day, and this closeness to headquarters is an advantage to a traveller in so far as it gives him a feeling of "backing."

Country Travellers. The country traveller is the real commercial traveller as usually understood by the term. He is rarely at home, spending "after hours" in an hotel, which is to him home, office, and centre of operations. Here it is that he does any necessary journey-planning, writes out his orders, makes the report to his firm, and does any necessary correspondence.

Foreign Travellers. The foreign traveller should be conversant with the language of the country in which he is travelling—that goes almost without saying. He should know the shipping regulations, customs, laws and insurance, be acquainted with the country's tariffs, and understand the essential points connected with banking, bills of exchange, methods of remitting money, and similar matters. The foreign traveller should not underestimate the responsibility of his position, for he represents not only his firm but his country.

Traveller's Reports. Country and foreign travellers have necessarily to keep their firms regularly supplied with information as to their work, and this as a rule entails quite an appreciable amount of writing. In many cases, however, since these reports of the traveller's doings continually refer to the same topics, they are drawn up on a printed form containing spaces for the following information—

1. Number, place, and date of report.
2. Particulars of places and customers visited since the last report.

3. Orders taken.

4. Payments received.

5. Note of any complaints, allowances, or of goods returned.

6. Statement concerning customers who are in arrears with their payments.

7. Report regarding financial standing of new customers.

8. General information concerning new openings, etc.

Orders. The securing of an order is, of course, the traveller's aim and ambition, but a few general observations on procedure after securing an order may be useful in conclusion of this article. The order is, in effect, an offer to buy, so that it is nowadays generally booked in the form of a contract and drawn up in duplicate, the customer receiving one copy signed by the traveller, the traveller retaining the other copy signed by the customer. The latter is then forwarded on by the traveller to his firm, or he may make out another copy for transmission to headquarters. Order books containing numbered forms, with counterfoils, are often used. The order form, when filled in by the traveller, is signed by the customer, while the carbon-copy counterfoil, signed by the traveller is torn off and handed to the customer. Should the traveller wish to keep copies of the orders, the order form may be in triplicate, that is, with two counterfoils.

Unless he is more than usually obtuse, the commercial traveller comes to be a fine judge of character, comes to realise instinctively when persistence is vain and when pertinacity will bring about the result he desires. He learns to discriminate between peevish and negligible whinnings and those legitimate grievances that he must induce his principals to remove. He finds a strong incentive to know thoroughly the business in which he is embarked, to know—though for the moment he is at the selling end—the producing end as well. The characters of men and the properties of goods are his province, and a big one it is.

COMMERCIAL TREATIES.—A commercial treaty is an undertaking by two or more countries with respect to economic relations. In a more restricted sense the term is taken to mean agreements with regard to customs; but these would, perhaps, be better described as customs-conventions. International agreements about postal matters and patents also partake of the nature of such treaties. Often, again, treaties ending a war or settling diplomatic disputes contain clauses relative to trade relations: the Frankfurt Treaty of 1871 placed Germany and France on the "most-favoured nation" footing towards each other; the Congo Act of 1885 affirmed the principle of full freedom of trade to all nations in the Congo Basin; and the "open door" was asserted with regard to Morocco also in the Algeiras Treaty.

The effect of a commercial treaty is to encourage trade between the contracting parties by increasing facilities for it, through the removal of prohibitions, the opening of ports, the reduction of tariffs, the recognition of documents, agreements as to railways and shipping, settlement of questions as to contraband of war and as to neutral trading, and the permission of commercial agencies. It is, therefore, a move in the direction of freedom of trade, and is usually concluded between such countries as before the treaty stringently excluded the other's goods, or admitted them only after the payment

of high duty. A country which has no concessions to make would appear to have deprived itself of bargaining power; and such a country can hardly obtain by means of treaties trading facilities for its subjects. Yet it seems that the time is not distant when entry into particular markets will be obtained only as the result of specific bargain.

Commercial treaties differ from other diplomatic arrangements between nations in that they are concluded not for perpetuity, but for a limited period—a period which may be prolonged, but which may, on due notice by either contracting party, determine the duration of the treaty. The treaty may, in the language of international law, be "denounced." Contracts between nations, other than those relating to trade, may, no doubt, be repudiated, when the nation that feels itself aggrieved thinks itself strong enough to brave the disapproval of the other party or parties to the agreement. Thus, in 1870, Russia, finding in the disturbed state of Europe a favourable chance, released herself from a solemn covenant. Her foreign minister addressed a circular to the Powers announcing that his Imperial master could "no longer consider himself bound to the terms of the treaty of March, 1856, in so far as these limit his rights of sovereignty in the Black Sea." Out of the diplomatic storms caused by the circular came the pious opinion signed by the Powers assembled in London: "It is an essential principle of the law of nations that no Power can liberate itself from the engagements of a treaty, nor modify the stipulations thereof, unless with the consent of the contracting Powers by means of an amicable arrangement." This may or may not be adhered to in every case. At all events, the "denunciation" of a commercial treaty is not to be regarded as a national affront; it is simply business.

As marking the commercial independence of the larger British colonies, treaties concluded since 1886 by this country have contained a special clause relative to those parts of the Empire, and also to India. Until the assent of the Colonies and of India has been signified, the treaty is not applicable to them. Most of the European States still follow, in large measure, the old Colonial policy, to subordinate Colonial interests to those of the mother country, and to reserve for its benefit Colonial trade.

Under present conditions of commercial intercourse, treaties which for an extended period regulate trade relations are clearly of advantage—

1. A stable basis for calculation is afforded by the fixity of tariffs over a term of years: it is impossible to satisfy international economic interests if one country may impose surtaxes, revisable at short intervals, on bonded goods. Quite enough of the gambling element enters into trade without this added uncertainty.

2. They tend to establish a sense of common, not antagonistic, interests among nations. Mutual goodwill is generated both by the process of coming to an agreement and by the increased intercourse resulting from the agreement, and when, as almost invariably happens, the most favoured nation clause is included, the benefits of the removal of restrictions have a constantly widening operation. To quote the words of one of the earliest of such clauses, that in our treaty with Sweden in 1661: the privileges secured to the subjects of the two States were those which "any foreigner whatsoever doth or shall enjoy in the said dominions and kingdoms on both sides." (See the article Mos

FAVOURER NATION.) Moreover, privileges when afforded by treaty are more secure than when dependent on usage alone: rights are substituted for sufferance.

3. The system of commercial treaties leads to the adoption of a freer policy in relation to trade: mutual concessions liberate commerce from artificial obstacles, as the tunnelling of mountains or the bridging of rivers overcomes natural obstacles. A system of Protection, on the other hand—one industry after another claiming and obtaining Government consideration—tends to perpetuate and aggravate itself.

Three notable commercial treaties entered into by this country are the Methuen Treaty of 1703 with Portugal, the Eden Treaty of 1786 with France, and the Cobden Treaty of 1860 also with France. By the Methuen Treaty we engaged to admit Portuguese wines at a third less duty than that levied on French wines; Portugal removed the prohibition on the import of English woollens, and undertook not to raise the duties on these manufactures above the rate that had been in operation before the prohibition. Though Adam Smith inveighs against it, the treaty was long regarded as a master stroke of English diplomacy, and it is hard to see why, when perfect freedom is not attainable, an approach to freedom should be unwelcome.

The Treaty of 1786, in which Pitt partially anticipated the Free Trade policy of a later period, put an end for a time to the foolish and wasteful tariff warfare between England and France. On both sides of the Channel retaliatory measures had been adopted to an absurd extent: Lecky notes, for instance, the case of a lady who was fined £200 at the Guildhall for having in her possession a French cambric handkerchief. Such trade as existed was carried on mainly by smugglers. The hostile feelings, which were the product of the political rivalry between the nations, ruled in trade too; and each, to spite the other a little, hurt itself much. But even in these circumstances clear-headed men appreciated the fact that trade is co-operation, not spoliation. "Nothing is more usual," said Hume, "among States which have made some advances in commerce, than to look on the progress of their neighbours with a suspicious eye, to consider all trading states as their rivals, and to suppose that it is impossible for any of them to flourish, but at their expense. In opposition to this narrow and malignant opinion, I will venture to assert that the increase of riches and commerce in any one nation, instead of hurting, commonly promotes the riches and commerce of all its neighbours, and that a State can scarcely carry its trade and industry very far where all the surrounding States are buried in ignorance, sloth, and barbarism."

Prohibitions or prohibitive duties were removed by the treaty, with the exception that silk on the side of England, and mixtures of cotton and wool on the side of France, were still excluded. The effect on trade was great and immediate: in three years the value of the commerce between the countries increased fourfold. Pitt's remarks on the treaty lay bare the whole basis of commerce. France, in her climate and other natural gifts, has advantages over England; and the products of her land, her wine, brandy, oil, and eggs are superior to ours. We, however, possess such industrial skill and so abundant materials of industry, that we may without fear challenge competition in

manufactures. The two countries are called to mutual intercourse and trade by their diversity of geniuses, climates, and soils. When we consider the great market that free intercourse would open for our manufactures, and the plentiful source of supplies from which we could draw; when we consider that the duties levied would be diverted from the smuggler to the Treasury; could we hesitate for a moment to ratify the treaty? "It was said that by this treaty the British nation was about blindly to throw herself into the arms of this constant and uniform foe. Did it not much rather by opening new sources of wealth, speak this forcible language—that the interval of peace, as it would enrich the nation, would also prove the means of enabling her to combat her enemy with more effect when the day of hostility should come? It did more than this; by promoting habits of friendly intercourse and of mutual benefit, while it invigorated the resources of Britain, it made it less likely that she should have occasion to call forth these resources."

The treaty was abrogated by war in 1793; and it was not till 1860 that France had again a Government willing to replace trade on the free footing. Till then contraband trade was nearly all that existed; and even in 1860 Napoleon III imposed the "Cobden Treaty" on his people against their will. By the treaty, France, in respect of a long list of articles of British export—iron, "the daily bread of all industries," the most important—replaced its prohibitions or high duties by a moderate tariff. England abolished all taxes for protective purposes, and materially reduced the taxes imposed for revenue purposes on wines and brandies. The concessions granted to France were made universal, so that England, rather recklessly it may be, in her pursuit of Free Trade, divested herself of bargaining power. 1860 was, in Mr Gladstone's phrase, "the last of the cardinal and organic years of emancipatory fiscal legislation"; "with the French treaty the movement in favour of Free Trade reached its zenith." And Cobden writes to Bright in regard to it: "I will undertake that there is not a syllable on our side of the treaty that is inconsistent with the soundest principles of free trade. We do not propose to reduce a duty which, on its merits, ought not to have been dealt with long ago. We give no concessions to France which do not apply to all other nations. We leave ourselves free to lay on any amount of internal duties and to put on an equal tax on foreign articles of the same kind at the custom-house. It is true that we bind ourselves for ten years not otherwise to raise such of our customs as affect the French trade, or put on fresh ones; and thus, I think, no true free trader will regret."

An influence of international agreements, which may be of more value than the promotion of material gains, consists in their making mankind realise that the interests of one people are closely bound up with those of others. Co-operation for trade purposes leads to mutual goodwill in other respects. The principal nations of the world have joined together for the regulation of matters for the general well-being. We had the Telegraphic Union of 1875; the Convention about the protection of commercial property in 1883; the Postal Union of 1897; the Sugar Convention of 1902, and the various discussions and agreements relating to maritime affairs. All these things must bring out the fact that harmony of interests occurs much

more frequently than antagonism of interests. The like may be said of the "open door" policy, by which we mean the commercial equality of foreign nations in a country which, like China, is not strong enough to shape its own trade policy. Agreement as to trade may well pave the way to agreement in more weighty matters.

The article dealing with commercial treaties generally is reproduced as it appeared in the first edition of the Encyclopaedia. It remains to be seen what line will be taken in respect of such treaties in the future when the immediate effects of the Great War have passed away.

COMMISSION AND COMMISSION AGENTS.—The usual method of remunerating agents, and certain classes of mercantile and professional persons, is by paying them a percentage on the amount of business done by reason of their services, or on the value of the subject matter of their employment. Thus, an auctioneer is paid a percentage on the amount realised by the sale; an insurance agent on the amount of the policies issued on his introduction, or on the premiums payable in respect thereof; a house agent on the rent he obtains for the houses he lets, a surveyor or valuer on the value of the property he surveys or values, an architect on the cost of the building erected from his plans, a debt collector on the sums recovered by his exertions, and so on. This remuneration is called commission, though, strictly speaking, the term is in law confined to the percentage earned by an agent in respect of business resulting through his mediation or introduction, and the title **COMMISSION AGENTS** has been given to persons who buy and sell goods or transact business for others for a reward so calculated by way of percentage. There is nothing, however, to prevent an agreement being made for the remuneration to be ascertained and paid in any other way, but in the absence of any express agreement the agent will be deemed entitled to a usual and reasonable commission, and what is usual is generally fixed by the usage of the particular employment. It is very desirable that the terms of the employment and remuneration of a person who is to be paid by commission should be put into writing, and made as explicit as possible, for questions of considerable difficulty frequently arise as to whether the commission has in fact been earned by the agent, or whether the person claiming commission is in fact entitled to claim it from the person he seeks to render liable. It is not easy to state precisely, and within limited space, the rather complicated law on the subject of commission, but, broadly speaking, the result of the many decisions of the courts may be condensed into the following propositions—

(1) The employment of a professional agent implies a promise (in the absence of any express agreement) to remunerate him according to the usage of his profession, and the employment of a non-professional agent implies a promise to pay him reasonable remuneration.

(2) An agent is entitled to commission when he has carried out his part of the business, and has brought the principal into relation with a third party who is able and willing to enter into and carry out the contemplated contract, even though the contract is in fact never concluded or completed, by reason of something other than the fault of the agent.

(3) Commission is only payable in respect of transactions which are the direct consequence of

the agency. Thus, two agents, A and B, are employed to let a house, and A informs C that the house is to let. C does not do anything about it then, but afterwards is told by B of the house being what he requires; whereupon he sees it and takes it. B, not A, will be entitled to commission. But if A had really brought about the letting, and B had only finished the negotiations, then A would have been entitled. The fact that the principal has already paid commission to one agent will not free him from liability to pay the agent who really brought about the business.

(4) If the business really resulted in consequence of an agent's introduction, he is entitled to commission, even though the business was not actually transacted by him, as where A, having unsuccessfully attempted to sell, gives the name of his principal to B, and B goes to the principal and buys privately from him without any further intervention by A, the latter is entitled to commission. But this does not extend to enable a person who has not been employed by an owner to claim commission merely because he introduced someone to the owner who afterwards did business with him.

(5) As a rule, commission is not payable, in the absence of express agreement or of an established custom, upon business between the principal and the third person which arises after the termination of the agent's employment. Thus, if a house owner employs an agent to find a purchaser for a certain house, and he does so and the transaction is completed, the fact that the purchaser subsequently buys a second house from the same owner will not entitle the agent to commission on the further transaction. Under this rule, an agent employed for a particular purpose is not entitled to commission upon business which materially differs from that which he was employed to effect. Thus, an agent employed to find a tenant is not entitled to commission on the purchase price, if the tenant subsequently buys the house.

(6) An agent who receives a secret commission or bribe from the third party forfeits his commission, and may be compelled to account to his principal for the amount wrongfully received by him, together with interest at 5 per cent. per annum.

It may be observed that the title COMMISSION AGENT is also assumed by a class of betting agents or bookmakers, who seek under that designation to disguise the real nature of the business conducted by them. Most of them are, in fact, principals, betting with others, on their own account, and in such case any bet made with them cannot be enforced or recovered at law (see GAMING and WAGERING), but if actually dealing as agents, and making bets on behalf of their clients with third persons, they must pay to their principals any money they receive from a third party in respect of bets so made. For example, if A employs B to make a bet, he cannot oblige B to do so, but if B does place the bet with C, any winnings B receives in respect thereof must be paid over to A, who can enforce payment by action.

COMMISSIONER FOR OATHS.—In order to facilitate legal procedure, a large amount of litigious and other work is allowed to be conducted by means of what is known as affidavit evidence, i.e., evidence which is sworn to by any person who makes the statements contained in the affidavit, and who is known as the deponent. The affidavit is sworn before a solicitor who is called a commissioner for

oaths. In order to be allowed to act in this capacity as commissioner, a solicitor must be of at least six years' standing, and he must have received his appointment as such upon the recommendation of at least one barrister and one solicitor. The commissioner invariably makes known the fact of his power to administer oaths, by having the words "commissioner for oaths" set out on his premises in some conspicuous position, and also by having the same words printed on his notepaper, for the information of any person who wishes to swear an affidavit (*q.v.*) or a statutory declaration (*q.v.*). A small fee of 1s. 6d. is charged for swearing an affidavit or statutory declaration, and this fee is increased if there are any documents referred to in the affidavit, which documents are called exhibits (*q.v.*), and to which the deponent desires reference to be made without going to the trouble of copying the whole out in the body of the affidavit.

COMMISSIONER OF ASSIZE.—When commissions are issued for the holding of assizes (*q.v.*), the whole of the judges are included in the commission, although in practice only one or two judges go on any particular circuit. There is nothing, however, to prevent the Crown including other persons besides judges in the commission, and King's counsel are often included. This enables such persons to act as judges and help in the disposal of cases if the lists at any particular place are heavy. Sometimes, also, an eminent King's Counsel may be sent out to act instead of a judge. This frequently happened until the appointment of additional King's Bench judges in 1910, when the practice fell into abeyance. Owing to the increased work imposed upon the judges during the later stages of the war and subsequently, the congestion of work rendered the revival of the practice necessary, and in the summer of 1919 there were two King's Counsel specially appointed to cope with the work on two of the circuits. Any person who is thus clothed with authority to act as a judge on assize, and who is not, in fact, a judge, is known as a Commissioner of Assize.

COMMISSION, SECRET. This may be defined as an advantage, pecuniary or otherwise, which an agent obtains in the course of his employment unknown to his principal, and which naturally tends to the detriment of the principal. Any advantage which the agent obtains belongs in law to his principal, whether there has been any pecuniary loss or not, and if there has been a loss the principal has a right to claim damages not only from the agent, but also from the person who has paid the secret commission. By the Prevention of Corruption Act, 1906, it is an offence punishable either summarily or on indictment either to give or to accept a gift or consideration of any kind with a corrupt motive. Such would be the giving or receiving of any gift or consideration as an inducement or reward for doing or for forbearing to do any act in relation to a principal's affairs or business, or for showing or forbearing to show favour or disfavour to any person in relation to a principal's affairs or business. The penalty is a fine up to £50, or imprisonment, with or without hard labour up to four months, or both imprisonment and fine. In default of distress, when a fine alone is inflicted, imprisonment may be imposed according to scale. To prevent an abuse of this procedure, no prosecution can be instituted without the consent of the Attorney-General or the Solicitor-General. (See BRIBERY.) There is a

proposal to allow prosecutions to be undertaken with out this consent being made a condition precedent.

COMMITTEE.—(See COMMITTEES AND COMMITTEE MEETINGS.)

COMMITTEE, LUNACY.—When a person is found, after due legal inquiry, or, as it is called, by inquisition, to be insane and incapable of managing his own affairs, a person is appointed by the court to act in all matters in his behalf. This person, who is the lunatic's legal representative, is called his "committee," and the word is pronounced with the accent on the first syllable.

COMMITTEE OF INSPECTION.—After a man has become bankrupt, his creditors may appoint from amongst the creditors generally, or the holders of general proxies or general powers of attorney from creditors, a committee of inspection to superintend the trustee in his administration of the bankrupt's property. This committee consists of not more than five and not less than three persons. A creditor who is appointed a member may not act until he has proved his debt, and his proof has been admitted. If, as in the case of a "small bankruptcy" (see SMALL BANKRUPTCY), no committee is appointed, any function which is to be performed by the committee may be performed by the official receiver. A member of the committee must not, except by leave of the court, either directly or indirectly, by himself or by any partner, clerk, agent, or servant, become purchaser of any part of the estate, nor may he derive any profit from any transaction arising out of the bankruptcy, except with like sanction. The committee may apply to the Board of Trade to authorise an account to be opened at a local bank; may allow postponement of a dividend; and may give general directions to the trustee; but directions given by the creditors in general meeting must override those given by the committee. The committee may allow the trustee to employ a solicitor or other agent to take any proceedings or do any business which they may sanction. If there be no committee, any act or thing, or any direction or permission, authorised to be done or given by the committee, may be done or given by the Board of Trade on the application of the trustee.

COMMITTEES AND COMMITTEE MEETINGS.—

The procedure at committee meetings does not differ materially from that at meetings of the main body by which the committee was appointed, but there is less formality, and greater latitude is allowed to speakers.

There are different kinds of committees. First, there is what is best known as a *Committee of the Whole House*, which is simply a meeting of the whole body (not necessarily all its members being present) sitting "in committee." The change to this from the meeting sitting ordinarily is effected by a resolution being moved and carried in the following terms: "That this meeting do now resolve itself into a committee." The form of the meeting is not affected except that sometimes, as in the House of Commons, the chairman is changed. The purpose of a meeting thus "going into committee," as it is called, is to enable the business about to be transacted to be dealt with more freely and informally than is permissible under the customary rules of procedure applicable to formal full meetings. When such business is of a very detailed character, involving the consideration of a great quantity of *minutiae*, rather than of the broad principles of a question, it would be impossible to

discuss it exhaustively if persons were restricted to one speech on each motion. The necessity for constant cross-comment, explanation and repetition, especially on the part of the mover or the person in charge of a proposal, requires that the persons present shall be unlimited as to the number of times they may speak. This is the case in the discussion of, *inter alia*, financial matters and the detailed provisions of a large proposition.

Secondly, there is the *Standing Committee*, a description applied to a committee appointed not merely for a temporary purpose, but for the discharge of a duty of a permanent continuing kind. Thus public authorities (in whose affairs this description of committee is mostly met with) classify their multifarious duties, and appoint a standing committee for each department. Each member of the body will serve on a certain number of such committees, and in this way the work is evenly distributed. Instances of these standing committees are the "Tramways Committee" and "Housing Committee." Some public bodies differentiate between their various permanent committees, designating some as "standing," and others as "executive" or "statutory", but all these are virtually "standing" committees, and come within our definition. Indeed, in this category are to be placed practically all executive committees, from the single council or committee of a small association up to the case we have just been considering, viz., of an important public authority whose duties are so extensive and varied as to necessitate their being allocated to separate committees.

Thirdly, there is the *Special Committee* appointed by the main body for a temporary purpose, though it may be a very important or very protracted purpose.

Fourthly, there is the *Sub-Committee*, which is also a special committee, but is appointed by a committee to deal with some subsidiary matter, such as the drafting of a report, attending an interview, making an investigation, etc. A sub-committee is solely responsible to the committee appointing it, and is in no way recognised as a committee by the main body; indeed, it is a question whether strictly a committee has the power, unless expressly authorised, to delegate any of its duties to a sub-committee. Seeing, however, that the committee adopts as its own whatever it does adopt from its sub-committee, there does not seem any serious objection to the practice.

In the case of special and sub-committees, it is essential that the reference to them (usually embodied in a resolution of the appointing body) should be perfectly clear and precise, so that the committee knows the exact limit of its duty, which is not to be exceeded. These committees present to the bodies appointing them a report as the result of their work, and are then *ipso facto* dissolved. It has already been stated that the procedure at committee meetings does not differ in the main from other meeting procedure, except that less formality is required. The informalities permitted are in respect of speeches and deportment; persons may in committee speak as often as they choose, even on one motion, and they will not always (as, for instance, in very small meetings) be expected to stand while speaking. The slight points in which committee procedure does diverge from ordinary practice are as follows: The motion of the "previous question" may not be moved in committee, but a motion "that the committee do rise" is permissible. It must be borne in

mind, however, that a committee cannot shelve its business by carrying a motion to suspend its proceedings; its duty to the body appointing it must be discharged; and whether it complete its business efficiently or not, it must at least decide upon the report it will present. In the case of Parliamentary committees, motions do not require to be seconded; but this point should not be taken as a model for practice elsewhere. The informality of committees may tend to spread, and when there is unanimity many rules may be relaxed, but if there is division of opinion, all decisions should be reached in the regular way, *i.e.*, by debate procedure, and voting. It is not competent for a committee to settle points of order, either through its chairman or by vote of its members. Such questions, when important—particularly when they involve some penalty—should be referred to the chairman of the main body for decision. It is not expedient that precedents should be created in such matters, on comparatively obscure occasions, by the rulings of chance and temporary chairmen who possess probably less experience than principal chairmen.

When a committee is not unanimous as to its report, the question arises as to whether and to what extent the division of opinion is to be communicated to the appointing body. In the case of Parliamentary committees, the report must be that of the committee as a whole, without mention of divergent views; those members of the committee who are in disagreement having the opportunity of expressing their opposition to the report when its adoption is under consideration by the House. With public authorities, other bodies, and associations generally, the exact practice varies, it is not a matter governed in any way by law, and each body settles its own method of procedure. It seems usual to indicate by one way or another any division of opinion there may be on the committee, as well as to leave its members free to oppose the adoption of the report when it is being discussed by the main body. The standing orders of some authorities provide that a committee's report shall state the number voting for and against it, and with certain other bodies the minority on a committee are allowed to present a separate report.

A committee almost invariably appoints its own chairman. The quorum of a committee is usually fixed by the main body, and in the case of public authorities it is laid down in their standing orders. In cases where there is no provision, it is customary to consider three members as a quorum, though in a very small committee of, say, only three or four, two might be a sufficient quorum.

It is outside the purpose and scope of this article to describe the various functions of committees and the different kinds of business they may have to transact; but it may be of interest to refer to one particular committee, because of its connection with the question of the management of meetings. This is the agenda committee of a congress, and its business is the classification, co-ordination, and arrangement of the mass of business to be presented to congress by the delegates from the various branches. Amid so much matter there must necessarily be some overlapping, and, of course, the motions, resolutions, and reports coming, as they do, from separate sources, have no logical order or sequence. Hence the work of an agenda committee, if well done, is of enormous assistance in clarifying the proceedings and economising the time of the congress.

Minutes should be kept of committee meetings, just as in the case of other meetings. The minutes of standing committees will be an official permanent record, and, therefore, require to be kept with the utmost care. Special committees, however, since they have only a temporary existence, do not call for quite such thoroughness. Adequate notes should be kept from meeting to meeting; but when the report is finally made and presented to the appointing body, its entry on their minutes constitutes all the record that is necessary, and the committee's temporary minutes may be destroyed—after, perhaps, an interval in important cases, though the practice of some bodies appears to be to preserve even these minutes.

A few years ago, an interesting point was decided in connection with the duty of members of a local authority to serve on committees of that authority (*Ex parte Crawford*, King's Bench Division, April 8th, 1911). A Sunderland borough councillor was elected a member of the education committee, but resigned, whereupon the mayor and council contended that a councillor elected to a committee cannot resign. The Divisional Court rejected this contention, holding that membership of such a committee is not an office which imposes an obligation on the appointed person (if duly qualified) to accept it or to pay a fine.

The chairman of a committee has a casting vote just as the chairman of the appointing body. As regards the presence of strangers, their admission is entirely within the discretion of the committee; but it is usual for committees to sit in private, and in the case of some public bodies their standing orders include a rule to that effect. Members of the appointing body, however, have a right to attend a committee's deliberations in the absence of express provision to the contrary, but the wish of a committee to sit in private should be respected.

A committee may consist of one person, to whom certain powers of the appointing body have been committed, and only in such a case can a committee meeting be held by one person.

None of the transactions or decisions of a committee should be communicated to the public before they have been reported to the appointing body. Such disclosure would be both irregular and discourteous, and might be seriously inconvenient.

For the rules of procedure which apply to committee meetings equally with other meetings (subject to the slight exceptions noticed above), see article on CONDUCT OF MEETINGS. Those general rules, however, are subject to possible modification by the rules or standing orders of public authorities, bodies or associations. Such rules or standing orders are the governing authority for the procedure, except where they might be found to conflict with statutory provisions. They should, therefore, be very carefully consulted by all concerned. They will generally provide as to the method of summoning committee meetings. Important standing committees will, of course, have fixed times for meeting, and it is usual to stipulate for the calling of special meetings (by the clerk in the case of local authorities) at the request of the chairman or of a certain number (say, two or three) of the members. Occasional committees will meet as may be arranged amongst themselves, the discretion as to meeting otherwise resting with the chairman.

It is customary with local authorities for the mayor or chairman of the main body (and sometimes the deputies of these) to be *ex-officio* members of all the principal, if not all, committees.

COMMON EMPLOYMENT.—This is a doctrine of the common law (*q.v.*), by which it is implied that there is no right on the part of a servant to claim indemnity from his master for any injury which arises through the negligence of any fellow-servant in the course of his ordinary employment. The basis of the doctrine is this: A master employs a servant, and he in no way guarantees that any other servant is capable. In fact, the servant must take all the risks which are incidental to his employment, unless there is some active interference to his detriment on the part of the master himself. The immunity of the master in the case of common employment was first attacked by the Employers' Liability Act, 1880 (*q.v.*), and it has been practically killed by the Workmen's Compensation Act, 1906 (*q.v.*). Nevertheless, as cases still arise in which neither of these Acts is applicable, but in which the common law rule of negligence may arise, the doctrine is far from dead, and may be invoked by an employer whenever damages are claimed against him personally for an accident arising out of negligence.

COMMON FORM.—(See PROBATE.)

COMMON JURY.—(See JURY.)

COMMON LAW.—The term "common law" is applied to that branch of the law of England which has been administered in the King's courts since the time of the Norman Conquest. Prior to 1066, the laws and customs in vogue in England were far from uniform. Local customs were prevalent, and the system in force in Northumberland was not necessarily that which had sway in, say, Gloucestershire. The law was administered in the local courts, and as these courts had no connection with each other, it was impossible to obtain anything like uniformity until the country was consolidated. The most beneficial effect, perhaps, of the Conquest was that this uniformity was established. The King's justices began to travel through the land, and instead of local laws and customs administered in local courts, there was established one great system throughout the realm, viz., the law which was administered at Westminster, and this law became, in fact, the common law of the realm. It was, indeed, customary law and entirely unwritten, though supposed to be adequate for all the necessities of mankind. The common law became settled by the time of the reign of Henry III, from which Acts of Parliament date. These Acts of Parliament, through successive reigns, have modified the common law, for an Act of Parliament overrides any rule of common law or equity, and a further modification has been effected by reason of successive judicial decisions. In addition, the so-called commercial law (*q.v.*) has had a great effect upon the early common law, and much of it has been incorporated in the common law of the country. Since the passing of the Judicature Acts, 1873 and 1875, a further change has taken place, as the rules of equity are now applicable in the courts of common law, and if there is a conflict between the rules of common law and equity, the rules of equity are to prevail.

COMMON LODGING-HOUSES.—The law as to lodging-houses was thus laid down in 1847: This house must be rated at a sum of not less than £10 per annum, such house must be registered, and every house shall be deemed a public lodging-house in which persons are harboured, or lodged, for hire, for a single night. The number of lodgers to be received into each lodging-house must be fixed; a

table of rules promoting cleanliness and sanitation must be hung up in every room; officers of the public authority may visit the lodging-houses when they please. The penalty for disobeying any rule of law is 40s.

In 1851 an Act was passed for the well ordering of common lodging-houses. The following rules therefrom apply to the metropolis only: The houses are under the control of the police, and must be registered, together with the situation of the house and the number of lodgers authorised. The house must be inspected and approved before lodgers can be received. Power is given to the local authority to make regulations for the government of the houses and the imposition of penalties. If a lodger is ill of a fever, or any infectious disease, the lodging-house keeper must give notice forthwith to the local authority and to the medical officer of health. Common lodging-houses in the metropolis are inspected whenever it is necessary, and the lodging-house keeper must thoroughly clean all the rooms to the satisfaction of the authority when required to do so. The walls and ceilings must be limewashed twice a year, in April and in October. Penalties are exacted for every act of disobedience to these rules. The lodging-house keeper must be registered, as well as his house. A sick person in a lodging-house may be removed to an infirmary by the local authority, and, if necessary, the clothing and bedding used by him will be destroyed. Compensation will be paid for all articles destroyed.

Keepers of common lodging-houses must, if required, report to the authorities every person who resorted to such house on the preceding day or night. Justices may refuse to allow a person to keep a common lodging-house, unless with the licence of the local authority, and this licence may be refused.

Outside the metropolis, common lodging-houses are regulated by the Public Health Acts of 1875 and onwards. Every local authority must keep a register of the names and residences of keepers of common lodging-houses within their district. All the rules in force in the metropolis apply in the country as well. The keeper of a common lodging-house must produce a satisfactory certificate of character. The words "Registered Common Lodging-house" must, if so ordered, be affixed outside the house in a conspicuous place. The register of common lodging-houses kept by the local authority contains the number of the entry, date of registration, situation of lodging-house, name of keeper, residence of keeper, description of authorised sleeping rooms, number of single adults, married couples, or children authorised to sleep in each room.

COMMON SEAL.—This is the name which is often applied to the seal of a joint-stock company, and reference must be made to the article SEAL for all particulars concerning the same.

COMMON SERJEANT.—This is the name by which the junior judge of the Mayor's Court of the City of London is known. The Common Serjeant ranks next to the Recorder of the City of London in a judicial capacity, and in addition to his duties as a judge in civil matters, he acts as one of the judges at the usual criminal sessions at the Old Bailey. The appointment of this judicial officer is in the hands of the Crown. The salary attached to the office is £2,500 a year.

COMMUNISM.—This is the earliest and, in cases

where attempts have been made to put theory into practice, in some ways the most successful of schemes for regenerating society under a scheme of Socialism. Under Communism, the powers of the State would be reduced to a minimum or suppressed entirely. The country would divide itself into a collection of harmonious societies, which should work together for the common good and should enjoy in common the product of their co-operation. The modern tendency towards the strengthening of the State, to the growth of national feeling, and even of "imperialism," would be counteracted by a return to simpler and more innocent principles. The small communities would be either self-contained and self-supporting, or if they had to exchange with other communities the exchange would be made on behalf of the community by public authority. The common interests that persisted between the communities would be governed by a central congress. In an examination of the suggested system one must, as in duty bound, confine attention to its more rational and higher forms. It would be palpably unfair to deal with the subject as if it could be summed up in the sneer—

"What is a Communist? One that hath yearnings
For equal division of unequal earnings
Bungler or idler, or both, he is willing
To fork out his penny, and pocket your shilling"

Communism would certainly solve the problem of distribution. Each would be able to "take from the heap," to draw from the common fund, and we are assured—see, for instance, *The Conquest of Bread*, by Kropotkin—that under proper organisation, not under the "anarchical capitalist" system, wealth would be in such abundance that each could take at discretion, just as he does of the air or of the stream of water. If wealth falls short of this, apportionment must have place. Just as the sailors on the raft decide what their rations must be, so in a state of community of goods. Either there must be such an eagerness for self-sacrifice, such a competition of good will that the distribution will be effected of itself, or it must be performed by rigour and rule. It is certainly rather curious that those who believe that the former method would obtain accuse individualists of too great optimism. In the family circle, which is to be the model of the communistic society of the future, the authority of father and mother prevails. Goods are divided according to necessities, not in accordance with deserts; and of the necessities the father or the mother is the judge. But who shall preside over the commune and prevent indiscriminate pillaging, inordinate consumption by some together with stint for others? And even when each member of the commune got his "fair share," we should be as far as ever from equality. Equality within the community might conceivably be attained; but inequality between the separate communities would still persist. There would be rich and poor groups, as now there are rich and poor families.

As a fact, such communistic societies as have maintained a precarious existence have been (1) very small societies, and have been, unless bound together by a strong religious sentiment which overpowered all material considerations, (2) subject to a very rigid discipline. The great co-operative society which Communism seeks to establish suffers from the serious defect that it is not voluntary but compulsory to some among those who first constituted it, and to the descendants of all. Just as

men are not consulted as to what nation, with all its obligations and privileges, they shall be born into, so the members of the commune would be forced to co-operate with their fellows. The system would be established and upheld by legal enactment; and law becomes a mere sounding phrase unless there is sufficient force behind to make the law effective. Work done under constraint would be almost as inefficient as slave labour is universally acknowledged to be.

The great example of a system of community of goods and common action for the good of all, that of the Jesuits over the natives of Paraguay, in all likelihood lasted so long because there was so vast a difference in intellectual attainments and moral force between the directors of the society and those over whom they presided. It appears foolish to expect that such a society would long endure among a modern civilised community. "A fixed rule, like that of equality, might be acquiesced in, and so might change for an external necessity, but that a handful of human beings should weigh everybody in the balance, and give more to one and less to another at their sole pleasure and judgment, would not be borne unless from persons believed to be more than men, and backed by supernatural terrors."

COMPANIES.—Companies, or joint stock companies, as they are often called, are associations of persons formed for the purpose of carrying on a trade or business, in which the liability of such persons is limited by guarantee or by shares. They have been governed since 1862 by a large number of Acts of Parliament passed between that date and 1907, but the whole of the statute law was drawn together in the Companies (Consolidation) Act, 1908. This Act was amended in a minor particular as to private companies by an Act passed in 1913, and by two other Acts, probably of a temporary character owing to the Great War, passed in 1917, referring, respectively, to the particulars to be given as to directors and also to the foreign interests held by a company. The present section is a brief recapitulation of the main points connected with joint stock companies. It has nothing to do with incorporated or unincorporated companies, which are noticed under separate headings. All the principal points, moreover, which come under the heading of companies in general are treated at length in the sections applicable to them.

A joint stock company has been defined as "an association of individuals for purposes of profit, possessing a common capital contributed by the members composing it, such capital being commonly divided into shares, of which each possesses one or more, and which are transferable by the owner." Another definition is as follows: "By a company is meant an association of many persons who contribute money or money's worth to a common stock and employ it in some trade or business, and who share the profit or loss (as the case may be) arising therefrom. The common stock so contributed is denoted in money, and is the capital of the company. The persons who contribute it, or to whom it belongs, are members. The proportion of capital to which each member is entitled is his share. Shares are always transferable, although the right to transfer them is often more or less restricted." It is of the utmost importance to bear in mind that an incorporated company is treated in law as an individual, that it is, in fact, a "person" within the meaning of Acts of Parliament,

unless it is expressly shown by the Acts themselves that only a natural person is intended. The individuality of the various members who compose the company is completely lost in the new personality which has been created. This fact ought never to be lost sight of, though the forgetfulness of it has led to most curious mistakes in the past. The exact position was most clearly shown during the Great War, when the character of certain companies, registered in England, but composed entirely or almost entirely of alien enemies, had to be considered by our courts. From some points of view the state of affairs cannot be considered as altogether satisfactory, but after the decision in the *Daimler* case in 1916, nothing but fresh legislation can alter the fundamental character of a company as stated above. It follows, therefore, that any member of a company is able to enter into a contract with the company in the same manner as any other individual. For all legal purposes each is a separate legal entity.

It is well known that in the case of a partnership, each partner, and in the case of a limited partnership (*q.v.*) each general partner, is personally liable for the whole of the debts of the partnership business. In the case of a company, however, the creditors can only proceed against the property of the company when the necessity arises, and ordinarily there is no remedy at all beyond the fixed capital, and then only if it is subscribed for. The fixed capital is, in fact, the total amount of the property of the legal person. The main points of distinction between a joint stock company and a partnership have been set forth in the last paragraph and in the preceding sentence, but the following judicial opinion may be quoted in connection with the matter: "I believe that according to the vernacular we use on these subjects, the difference which the Act (*i.e.* the Companies Act) intended to draw between a company or association and an ordinary partnership is this—an ordinary partnership is a partnership composed of definite individuals bound together by contract between themselves to continue combined for some joint object, either during pleasure or during a limited time, and is essentially composed of the persons originally entering into the contract with one another. A company or association (which I take to be synonymous terms) as the result of an arrangement by which parties intend to form a partnership which is constantly changing, a partnership to-day consisting of certain members and to-morrow consisting of some only of those members along with others who have come in, so that there will be a constant shifting of the partnership, a determination of the old and a creation of a new partnership, and with the intention that, so far as the partners can by agreement between themselves, bring about such a result, the new partnership shall succeed to the assets and liabilities of the old partnership. This object as regards liabilities could not in point of law be attained by any arrangement between the persons themselves, unless the person contracting with them authorised the change by a novation, or unless by special provisions in Acts of Parliament sanction was given to such arrangements." There are three other points of distinction beyond the question of personality and the limitation of liability which should be borne in mind—

(1) In a partnership one partner cannot transfer his share in the partnership without the consent of

the other partners. In the case of a company the right of transfer is generally unlimited.

(2) In a partnership each partner is an agent of the firm for all business purposes. In a company no member is entitled, as such, to act as an agent of the company.

(3) In a partnership the partners may make what private arrangements they choose among themselves. In the case of a company there are some arrangements which the members of the company cannot make among themselves.

There are three kinds of companies which can be registered under the Companies Acts—

(a) **Unlimited Companies.** In companies of this class every shareholder is liable for the debts of the unlimited company as in an ordinary partnership; but such companies possess the following advantages—the liability of each member ceases at the end of a year from the time he ceased to be a member, and the shares of the companies are transferable. Such companies are now extremely rare, and for several years past none has been registered. Several unlimited companies of long standing have availed themselves of the privilege of re-registration first permitted under the Companies Act, 1879, by which the liability of the members has become limited.

(b) **Companies Limited by Guarantee.** There are very few companies of this class in existence. The memorandum of association of such a company contains a declaration to the effect that each member of the association will contribute an amount not exceeding a fixed sum to meet its liabilities so long as he or she remains a member, and for twelve months afterwards.

(c) **Companies Limited by Shares.** Here the liability of each member is limited to the nominal amount of the shares which he or she holds. If the capital of a company limited by shares is once paid up, there is no further pecuniary liability, generally speaking, resting upon any person whatever.

Since the passing of the Companies Act, 1907, which came into force in its entirety on July 1st, 1908, there has been a further division of companies into "public" and "private" companies. The Act of 1907 has, like the other Companies Acts, been repealed, its provisions being re-enacted by the Act of 1908 (and amended by the Act of 1913), and reference must be made to the article **PRIVATE COMPANY** to ascertain its meaning and full significance. (See also **ONE MAN COMPANY**.)

Of the various classes of companies, the third is the most important.

The smallest number of persons that can combine to form a joint stock company is seven; but in the case of a private company (*q.v.*) the number may be limited to two. Though there is no maximum, except that the number of members cannot exceed the number of shares into which the capital of the company is divided, there must never be less than seven (or two, as the case may be); for it is provided that if the number of members is reduced below seven, or two, and the company carries on business for more than six months, while the number is so reduced, "every person who is a member of the company during the time that it so carries on business after those six months, and is cognisant of the fact that it is carrying on business with fewer . . . members . . . shall be severally liable for the payment of the whole debts of the company contracted during that time, and may be

sued for the same, without joinder in the action of any other member."

It may be noticed here that a company is in the same position, in many respects, as an ordinary individual with respect to actions at law. It is, in general, bound by all the ordinary rules of contract and by most of the rules of tort. Thus, it can sue or be sued in most cases for such a tort as a libel. Also it is to some extent liable to be indicted for certain criminal offences. There are, however, many exceptions to its liability at criminal law, and full information must be obtained from special volumes which deal with that branch of the law.

Unless the company to be established is one of meagre dimensions, it generally happens that one or more persons sets to work to do all the preliminary work connected with the registration of the company. Again, if the new company is to carry on the business which was formerly in the hands of another company or persons, many arrangements may have to be made which entail a considerable amount of labour. This preliminary work is carried out by a person or a number of persons known as the promoter or the promoters. What is the particular position of a promoter and what are his liabilities are given in detail in the article PROMOTER.

When the necessary number of persons has been obtained, the scope of the company and its projects are set out in a document known as the memorandum of association (*qv*). This is a most important document, and after it has been prepared in accordance with the proper legal requirements, it is signed by a certain number of persons (seven at least in the case of a "public" company, and two at least in the case of a "private" company), who must state the number of shares, generally one in practice, which each of them takes. The memorandum of association, which is fully treated of in a separate article, is the statement to the world at large of the purposes for which the company is incorporated.

In addition to the memorandum of association, articles of association are generally drawn up. These are, as it were, the by-laws of the company. The matters connected with the articles of association are fully explained in the separate article devoted to the subject, to which reference must be made, as well as to Table A, the model set of articles of association contained in the first schedule of the Companies (Consolidation) Act, 1908. A company may be registered without articles of association, but in that case the fact must be indorsed upon the memorandum of association when application is made for registration.

The next step is to obtain a certificate of incorporation (*qv*). For this purpose application must be made to the registrar of companies, and this official will only grant a certificate when he is satisfied that everything is in order, and that all the preliminary steps have been complied with. The whole of these matters are discussed in the article REGISTRATION OF COMPANIES, and in the same article a list of all the fees payable is set out. As soon as the certificate is granted a new legal entity is established, and the certificate of incorporation is conclusive evidence that everything is in order. If the company is a "private" company, it is then at liberty to commence work at once. If, on the other hand, it is a "public" company, it can go no farther than the issue of its prospectus, and its subsequent right to embark in trading operations depends upon various circumstances. (See COMMENCEMENT OF BUSINESS.)

The issue of the prospectus (*qv*) is a matter of the greatest importance. This is the document which is put forward in order to induce the public to come in and take shares in the company. Its preparation is a most difficult task, especially as heavy liabilities may be incurred by those who are responsible for its issue, in case its contents turn out to be inaccurate or fraudulent. The whole of the points connected with this portion of the work of a company are set out in the article PROSPECTUS.

In order to avoid failure, those who are responsible for the floating of a company very frequently obtain the consent of certain persons to take shares in the company, or to guarantee to take or place shares if the public do not come in in sufficient numbers to allow of the company going to allotment. This is done by means of what is called underwriting, and reference must be made to the article upon this subject for full particulars.

Assuming that the company has come into existence, and that it has been enabled to commence business operations, it is then necessary to consider separately the points connected with management. For this purpose the separate articles upon ALLOTMENT, CAPITAL, DEBENTURES, DIVIDENDS, MEETINGS, SHARES, SHAREHOLDERS, and other similar matters must be consulted. As to the termination of the existence of a company, see the articles DISSOLVE COMPANY and WINDING-UP.

COMPANIES LIMITED BY GUARANTEE.—(See COMPANIES.)

COMPANY, HOW TO FORM.—(See COMPANIES.)

COMPENSATION.—Whenever a person is injured, either in property or in person, by an act or default of another which is not justified in law, he may seek pecuniary compensation from that other. Compensation which has to be obtained through the medium of legal proceedings is generally termed damages, and is discussed under that heading (*qv*); the compensation which is claimed by a workman or servant in respect of injuries sustained by reason of his employment, under the heading WORKMEN'S COMPENSATION. There are, in addition, a large number of cases where injury is done to a person by depriving him of his property, or restricting him in the full enjoyment of it, under legislative sanction, subject to his being compensated by a money payment, the method of ascertaining which is generally prescribed by the statute authorising the prejudicial action. Such cases arise where land is compulsorily taken by local authorities for purposes of local improvements and the like, by Government departments for public works, and by commercial undertakings, such as railway companies, for the purposes of works they are authorised by statute to construct. Whenever an owner or occupier of land is required by statute to give up some or all of his rights in or over the land for a purpose of public utility, the statute almost invariably confers upon him a right to be compensated for his loss—if there is no such provision he has no remedy, for it is a principle of law that if an Act of Parliament authorises the doing of some act, then if that act is done in a proper manner an individual who suffers some special injury thereby has no remedy and no right to be compensated, unless such right is provided by the Act of Parliament in question, or by some other Act supplementing its provisions. Sometimes a remedy by action for damages is given, but generally the compensation is directed to be ascertained by means of the machinery set up by, and subject to the

conditions contained in, a group of Acts known as the Lands Clauses Acts.

Under these Acts, a person who is deprived of any interest in land by reason of its being required for the purposes of an authorised undertaking is entitled to receive full compensation for such loss as he may sustain, and by full compensation is meant not only the value of the land or interest of which he is deprived, but also the damage, if any, done to other property belonging to him by reason of the severance therefrom of the particular land that is taken. In ascertaining the value, loss of business, the cost of finding and adapting new premises, the value of fixtures, the cost of removal, and the like must be regarded, and if the land taken is peculiarly adapted for some particular purpose, that fact must be taken into consideration. Compensation, too, may in some cases be claimed, though no land is actually taken, if property is or will be injuriously affected by the authorised undertaking. Thus, if access to property will be blocked by a contemplated erection, the owner and occupier may be entitled to claim compensation in respect thereof.

The amount to be paid as compensation may, of course, be agreed between the parties concerned, but if they cannot come to an amicable settlement, the rather complicated procedure of the Lands Clauses Acts must be brought into operation. If the claim does not exceed £50, or if the claimant has no greater interest in the land than as being a yearly tenant who is required to give up possession before the expiration of his tenancy, the amount of compensation will be assessed by two justices of the peace, upon a summons taken out by either party. In other cases, it is open to the claimant to elect to have the amount determined by arbitration (*q.v.*), but if he does not exercise this option, the matter goes before a jury, who are assembled by the sheriff for the special purpose. The inquiry is presided over by the sheriff or a proper deputy or substitute, and the proceedings practically follow the order of the trial of an action by judge and jury. The jury give a verdict for the sum to be paid as compensation, and judgment is given for the amount so assessed. If the verdict is for a greater sum than was offered by the promoters before any proceedings commenced, they must pay all the costs of the inquiry; but if for the same or a less sum than such offer, each party will bear his own costs, and the costs of the inquiry itself will be borne by them equally.

Apart from the compulsory acquisition of land, there are other cases in which compensation is required to be paid by statute. Thus, under the Agricultural Holdings Act, and some other similar measures, a tenant is entitled to be compensated by his landlord for improvements made to his holding, for unreasonable disturbance by the landlord, and for damage done to his crops by game preserved by the landlord; such compensation is either agreed on or settled by an arbitrator. (See LANDLORD AND TENANT.) If, for the purpose of preventing the spread of disease among cattle, the Board of Agriculture order infected or suspected cattle to be slaughtered, compensation must be paid to the owners according to a prescribed rate; and if, when purporting to act under the laws regulating the sale of articles of food, a local authority or their officer wrongfully seize and condemn food as unsound, the person aggrieved may recover compensation for any loss he has incurred

by reason thereof, if he was not himself in default, the amount of such compensation being ascertained by arbitration, or, if the amount claimed does not exceed £20, by a court of summary jurisdiction.

It is only necessary to draw attention to the fact that there were special tribunals set up during and after the Great War to determine the amount of compensation to be paid by the Government in those cases where land, buildings, implements, etc., had been commandeered for national purposes under the various Emergency Acts of 1914-18.

COMPETITION.—This term is used in economics to signify the contest between individuals to secure the advantages of trading with a third person. It has been described as the "virtually unrestrained action of individual self-interest." It is a vexed question how far competition should really be allowed to go. It may, in some cases, be restrained to a certain extent by custom, and in others by legislation, but the most effective restraint is combination, especially where the combination is large, for no matter how fierce may be the contention for a period, there must come a time when an agreement has to be arrived at or one combination manages to sweep the others out of existence. Socialism (*q.v.*) is opposed to competition, and fiercely denounces it. On the other hand, those who favour it maintain that it is the most effective spur to human energy. As the subject is of a controversial character, the reader must be referred to special treatises dealing with it in full detail.

COMPOSITION.—The payment of a certain sum in the £ by a bankrupt or an insolvent person, instead of the full amount owing.

COMPOSITION OR SCHEME OF ARRANGEMENT.—A composition is a method by which, with the sanction of the court, a debtor can make an arrangement with his creditors. It is not to be confused with a deed of arrangement (*q.v.*). It may be entered into before or after adjudication (see ADJUDICATION OF BANKRUPT), and the subject may, therefore, be conveniently dealt with under two heads—

(a) *Composition or Scheme before Adjudication.* Where a debtor proposes to make a composition for payment of debts, or a scheme for the arrangement of his affairs, he lodges with the official receiver within four days after making his statement of affairs (see STATEMENT OF AFFAIRS) a proposal setting out the terms of the scheme which he desires to submit to his creditors, and the particulars of any sureties or securities proposed. Copies of the proposed composition or scheme, together with the official receiver's report thereon, are sent to each creditor by the official receiver, who then holds a meeting of creditors before the debtor's public examination is concluded. If a majority in number of the creditors, and three-fourths in value of those who have proved, decide to accept the proposal, the same is deemed to be duly accepted by the creditors. When approved by the court, it is binding on all the creditors. At the meeting, the debtor may amend his proposal, if the amendment benefits the general body of creditors. A creditor who has proved his debt may assent to or dissent from the proposal by letter addressed to the official receiver, so as to be received by him not later than the day before the meeting. Such assent or dissent has effect as if the creditor has been present and had voted at the meeting. When the proposal has been accepted by the creditors, a creditor or the debtor may apply to the court to approve it. The

application must not be heard until after the public examination has been concluded and any creditor may oppose it, although he may have voted for the acceptance at the meeting. Before approving the proposal the court hears the report of the official receiver as to the terms and as to the conduct of the debtor, and any objections which may be made by or on behalf of any creditor.

The court has a wide discretion as to refusing or approving a scheme; but in certain cases it must refuse. Thus, if the terms are not reasonable, or are not calculated to benefit the general body of the creditors, or in any case in which the court is required, where the debtor is adjudged bankrupt, to refuse his discharge, the court must refuse to approve the proposal. Again, if any facts are proved which would hamper the debtor's discharge were he adjudged bankrupt, the court must refuse to approve the proposal, unless it provides reasonable security for payment of not less than 7s. 6d. in the £ on all the unsecured debts provable against the debtor's estate.

To sum up: The court may refuse its approval in all cases, and must refuse its approval in the cases just mentioned. In coming to a decision, the court will have regard to the public commercial morality, and the interests of the creditors. A scheme will not be approved if there are no proofs for a number of debts mentioned in the statement of affairs, nor if it gives creditors no greater advantage than they would have in bankruptcy. The reasonableness must be judged of according to the standard of the state of affairs presented to the creditors. If the creditors have put before them a scheme by which an estate, which will otherwise realise very little, will, if the scheme is carried through, very probably realise some nine or ten shillings in the £, the court would probably say there is sufficient reasonable security for the payment of not less than 7s. 6d. in the £. Debts which have been released need not be provided for in the scheme. The approval of the court is testified by the seal of the court being attached to the instrument containing the terms of the proposed composition or scheme or by the terms being embodied in an order of the court. A composition or scheme accepted and approved is binding on all the creditors so far as relates to any debts due to them from the debtor and provable in bankruptcy; but it is not binding on any creditor so far as regards a debt or liability from which the debtor would not be discharged by an order of discharge in bankruptcy (see DISCHARGE OF BANKRUPT), unless the creditor assents to the composition or scheme. For instance, a debt incurred by means of any fraud or fraudulent breach of trust would not be discharged. Nor does a composition or scheme release the debtor from any liability under a judgment in an action for seduction, or under an affiliation order, or under a judgment against him as a co-respondent in a matrimonial cause, except to the extent ordered by the court. The court may annul a composition or scheme of arrangement in certain circumstances. Thus, if the debtor makes default in the payment of any instalment, or if it appears that the composition or scheme cannot proceed without injustice or undue delay to the creditors or to the debtor, or that the approval of the court was obtained by fraud, the court may adjudge the debtor bankrupt, and annul the composition or scheme. Such an order, however, is made without prejudice to the validity of any sale,

disposition, or payment duly made, or thing duly done under or in pursuance of the composition or scheme. Where a debtor is so adjudged bankrupt, any debt provable in other respects, which has been contracted before the adjudication, is provable in bankruptcy. If there is a probability of the creditors gaining by any adjudication, the court will exercise the powers conferred by the Act. For instance, it will adjudge the debtor bankrupt if he has (even without fraud) misled the creditors as to the value of his assets. On annulment, the property of the debtor vests automatically in the official receiver to whom the estate was originally assigned. As to the enforcement of a composition or scheme, if the debtor (or his trustee, if any) fail to make any payments thereunder, no action can be brought to enforce such payment, but the person aggrieved may make application to the court. When a composition or scheme is approved, the official receiver, or payment of all proper costs, charges, and expenses of, incidental to the proceedings, and all fees and percentages payable to the official receiver, and the Board of Trade, puts the debtor (or, as the case may be, the trustee under the composition or scheme, or the other person or persons to whom under the composition or scheme the property of the debtor is to be assigned) into possession of the debtor's property. The court also discharges the receiving order. It would seem to follow from this that the debtor is entitled to deal with his property in the ordinary course of business; at any rate, the debtor is entitled to all property acquired after approval. There must be no secret arrangements between debtor and creditor, for the acceptance by a creditor of a bonus or gratuity beyond what secured by the deed will, if that bonus is paid with the debtor's knowledge, entitle any creditor to avoid the deed. Again, an agreement made between a creditor and a third person for the purpose of giving that creditor an advantage over his fellows, may also be declared void. If a trustee is appointed pursuant to a composition or scheme to administer the debtor's property, the provisions of the Bankruptcy Acts relating to trustees apply to him.

(b) *Composition or Scheme after Adjudication*

Where a debtor has been adjudged bankrupt, the creditors may at any time resolve to entertain a proposal for a composition in satisfaction of the debts due to them under the bankruptcy, or for a scheme of arrangement of the bankrupt's affairs. Thereupon the same proceedings are taken, and the same consequences ensue as in the case of a composition or scheme accepted before adjudication. The resolution to be passed is similar to that which is necessary for accepting a proposal before adjudication. If the court approves the composition or scheme, it may make an order annulling the bankruptcy and vesting the property in the bankrupt or some other person appointed on such terms and subject to such conditions as the court may declare. Instead of making an order, the court may refuse or postpone the application for annulment. If there is default in making payments under the scheme, or if the scheme cannot proceed without injustice or undue delay, or if the approval of the court has been obtained by fraud, the court may make an order for a fresh adjudication. If such an order for re-adjudication is made, all debts contracted prior thereto will be provable thereunder, and the property of the debtor will re-vest in the official receiver.

COMPOUNDING.—It is the duty of every citizen to aid the authorities in the maintenance of the law, and any agreement made with an offender, whether the offence is a felony, a misdemeanour, or a wrong punishable under a penal statute, constitutes compounding, for which the person entering into the agreement renders himself liable to punishment. It is the agreement which constitutes the offence. Thus, if a man recovers from a thief the property of which he has been deprived, and makes no terms, either expressly or by implication, as to their return, no offence is committed. Forbearance to prosecute does not constitute compounding an offence; but if any agreement is made, or any money is paid, or even if an advertisement is issued in a newspaper as to stolen property, with the intimation that "no questions will be asked" on its return, the offence of compounding is complete. The law is more severe as to the compounding of felonies than as to the compounding of misdemeanours. In recent times a very wide latitude has been granted, and prosecutions for this offence are of very rare occurrence.

COMPOUND INTEREST.—This is the interest computed upon the principal and also upon the interest which is not paid. Thus, if a sum of money is lent and the interest payable upon the loan is not paid, the new interest, after a stated time, is calculated upon the principal and the accrued interest. If a sum of money is left to accumulate in this way, the total amount advances with surprising rapidity.

There is a ready way of calculating in what time a sum of money doubles itself at compound interest. Take the number 70, divide it by the rate per cent., and the quotient gives the approximate number of years. Thus, at 5 per cent., a sum of money will double itself in about fourteen years. It will quadruple itself in about twenty-eight years, and so on. This is only a rough and ready estimate, but it is sufficient for most practical purpose. As a matter of fact, £1 at 5 per cent. in fourteen years amounts to £1 9799, i.e., £1 19s. 7d. and a small fraction of a penny.

For tables, see INTEREST.

COMPRADOR.—This word comes from the Spanish, meaning "a buyer." It is the name given to a "guarantee broker" met with in China, Japan, India, and elsewhere in the Far East. He is a kind of intermediary in Eastern trade, finance, and banking, the reason for his existence being primarily due to the European ignorance of the native language. Many prominent Chinese merchants cannot, or will not, speak in any other language than Chinese, and in such circumstances it would be difficult, if not impossible, to do business without the mediation of the comprador. As far as bills of exchange are concerned, the comprador corresponds somewhat to the bill-broker, as, when bills are sold, he certifies them and it is on his signature that the banks negotiate bills of exchange. He also guarantees all such transactions as advances, loans, and overdrafts to native clients and dealers. He is thus the go-between in practically every transaction with native financiers, merchants, and foreign business men.

COMPROMISE.—The settlement of differences of any kind by mutual concessions.

COMPULSORY WINDING-UP.—(See WINDING-UP.)

CONCESSIONAIRE.—A person to whom a right or special privilege has been granted. (See CONCESSIONS.)

CONCESSIONS.—Grants of certain privileges by foreign States or Governments to promoters of railways, mining companies, etc. The parties obtaining such concessions are called "concessionaires."

CONCHS.—Large marine shells found chiefly in the Bahamas, and used for ornaments or for cutting cameos. The name is sometimes applied to the native whites of the Bahamas, whose poverty compels them to use shell-fish as food.

CONCILIATION BOARD.—In order to bring about a speedy settlement of disputes between employers and workmen, various statutes were passed at different times during the last century, but these were all repealed in 1896, when the Conciliation Act was passed, and under it the Board of Trade was empowered to establish Conciliation Boards, and to register them, for the purpose of settling strikes by means of arbitration. Whenever disputes are threatened in any trade, the Board of Trade now intervenes, if possible; and prior to 1906 a Conciliation Board was appointed if either of the parties desired it. An inquiry was then made into the whole subject-matter of the dispute and a decision given. Instead of referring their disputes to a Conciliation Board, either party might ask for and obtain the appointment of an arbitrator to adjudicate upon their differences. The weak feature of the whole, from the public point of view, is the absence of any power to compel a settlement. In September, 1908, a standing Court of Arbitration was set up by the Board of Trade, and its duties are in continuation of the work of the Conciliation Board. The labour troubles of 1911 pointed to the need of finding more effective means of dealing with difficulties between employers and employed. In October of that year, therefore, the Government established an Industrial Council, composed of employers and employed, with a Chief Industrial Commissioner at the head thereof. The purpose of the Council was stated to be that "of considering and of inquiring into matters referred to them affecting trade disputes; and especially of taking suitable action in regard to any dispute referred to them affecting the principal trades of the country, or likely to cause disagreements involving the ancillary trades, or which the parties before or after the breaking out of a dispute were themselves unable to settle." During the war, at the beginning of 1917, another standing tribunal was set up, the Conciliation and Arbitration Board, which was appointed "to deal by way of conciliation or arbitration with questions arising with regard to claims for increased remuneration made by classes of employees of Government departments." It is exceedingly probable that the number of boards may increase as time goes on.

CONDITIONAL INDORSEMENT.—In most cases a bill of exchange is indorsed purely and simply, and any attempt to add a condition to an indorsement is an effort to change the fundamental character of the instrument, which is an "unconditional" order in writing. Under the old law a conditional indorsement was more or less operative in practice, as it could not be entirely ignored. Thus, the acceptor might find himself in a difficult position. When called upon to meet the bill, he paid at his peril if the condition had not been fulfilled. This was certainly a hardship. If he dishonoured the bill, he might possibly have laid himself open to an action for damages, supposing the condition had really been fulfilled, and yet it might be quite impossible for him to be able to

ascertain whether the condition had or had not been complied with.

By Section 33 of the Bills of Exchange Act, 1882, it is now enacted—

"Where a bill purports to be indorsed conditionally, the condition may be disregarded by the payer, and payment to the indorsee is valid, whether the condition has been fulfilled or not."

It is presumed that under this Section the conditions may still be operative as between an indorser and an indorsee. If the indorsee receives payment without the condition being fulfilled, he cannot sue the indorser at all, and he probably holds the proceeds in trust for the indorser. England is the only country which recognises conditional indorsements.

CONDITIONS.—(See **WARRANTIES AND CONDITIONS.**)

CONDITIONS OF SALE.—The terms upon which goods and land are sold at public auction. It is the general practice for the conditions to be printed on the catalogue advertising the sale. It is the practice in certain parts of the country for legal practitioners to agree to a general scheme under which all sales of land in the district are held to take place.

CONDUCT OF MEETINGS.—Under this heading will be described the rules of procedure in debate. Other matters connected with the course of proceedings (e.g., election of chairman) or with their management will be found separately treated under the headings **AGENDA**, **ORDER OF BUSINESS**, and **CHAIRMAN, DUTIES OF**.

Debate procedure at meetings may be defined as the course of motions from the time of their being moved until they have been disposed of. The matter is but little subject to specific law, and follows in the main a customary practice of very long usage, though in the case of public bodies some of the conditions affecting the fortunes of a motion, such as quorum, adjournment, casting-vote, are laid down by statute. Moreover, public bodies conduct their meetings under standing orders, the rules of which determine many matters of procedure. The first authority to be observed, therefore, is the rules or standing orders (if any) of the particular body or association, failing them, or to the extent to which they do not make provision, the general customary rules of debate apply.

Motions. There must always be a motion, or resolution, as it is sometimes called, before the meeting, without it there can be no discussion. A motion should, if possible, be moved by the person who gave notice of it; it should be in very clear terms, and its exact wording handed to the chairman, if the latter has not got it already before him on the agenda. The mover should make a special point of reading out his motion with great distinctness, so that everyone present may hear. When the mover sits down, the chairman asks: "Who seconds the motion?" and if there is no seconder, the motion is not proceeded with. If it is duly seconded, the chairman then puts the proposition before the meeting, saying: "The question now before the meeting is, etc.," and thus throwing it open to general discussion. Speeches will then be made for and against, and perhaps amendments moved. A composite motion need not be moved in sections, though it should be put to the vote in that way, so as to give some freedom of choice to those voting.

Putting Motions to the Vote. When the discussion is exhausted, or earlier, if the chairman thinks it advisable, he will then (if no amendment has been

moved) put the motion to the vote by the usual method of show of hands. He will say: "The motion is, 'That, etc.'; those who are in favour of it raise the right hand." After counting the number raised, the chairman will then say: "Those who are of the contrary opinion, raise the right hand." These opposing hands are then counted, and the chairman announces the fate of the motion in these or similar words: "Those in favour, fifty; those against, thirty-five. I declare the motion carried." If the meeting is a large one, the chairman will need help in the counting, and so should appoint two "tellers," one in favour of and one against the motion. If the figures cannot be agreed, the vote must be re-taken. Rectification of a vote wrongly given through inadvertence should be allowed; the House of Lords permits this, but not the House of Commons. When a motion has been carried, it becomes a resolution, and must be recorded on the minutes in its exact words.

Amendment. Any speaker following the mover and seconder may, in addition to simple comments on the motion, move an amendment to it. He may at some meetings do this without notice, which, however, is generally required beforehand in the case of meetings of important bodies. It is always preferable both as a matter of courtesy and convenience to notify the chairman as soon as possible after the meeting begins of any amendment it is intended to move. This enables the chairman to arrange the amendments (if there are several) in the most suitable order for treatment, and, perhaps, to acquaint the audience with the business they have to expect. In dealing with motions, the need of the chairman having the exact wording before him was emphasized. This applies with still greater force to amendments which, from their nature and from their being often unexpectedly introduced, are peculiarly liable to cause confusion. Amendments generally are subject to the same conditions as apply to motions, which, in fact, they are, though not substantive ones. An amendment may not be a direct negative; it must be relevant and within the scope of the meeting. If not seconded, it drops. When it has been seconded, the chairman puts to the meeting for discussion the original motion in its altered form, as proposed by the amendment. Discussion is then restricted to this. If on being put to the vote it is lost, discussion of the original motion is then resumed, and other amendments can, if desired, be moved. If it is carried, it is put to the meeting as the substantive motion for further discussion, and fresh amendments may be moved. This process goes on until no one has any further amendments to move, and the motion as last altered stands agreed to.

A question that frequently arises when an amendment duly moved and seconded is before the meeting is whether the main motion may be discussed as well as the amendment. As a rule, it may not, for amendments usually only propose a partial change, and it will be irrelevant to discuss the whole of the proposition contained in the original motion while the retention or alteration of only a part of it is under consideration. If, however, the amendment proposes so fundamental a change that it is virtually a complete alternative to the original motion, then the two alternatives may, and naturally will, be discussed together. At the meetings of public companies this rule of relevancy seems to be relaxed, and the discussion of motion and amendment together to be permitted. While there may be

justification for thus not enforcing technical rules of debate against shareholders who have but few opportunities of discussing a company's affairs, it is not an exception to be followed. The risk of confusion at a debate is always imminent, and the rule best calculated to avoid it is to have only one motion before the meeting at a time, and to dispose of it completely before proceeding with another. That rule clearly requires that an amendment shall be considered by itself. It also follows that only one amendment may be before the meeting at a time. Once a motion has been amended in a particular part, it is not permissible to move an amendment touching any earlier part; without this rule there would be no finality.

The forms which amendments may take are three: They may (1) add a word or words by insertion, or affix, or (2) omit a word or words, or (3) omit in order to insert a word or words. Parliament has a special way of dealing with the last of these. It was found that giving preference and priority to what the amendment proposed had the effect of depriving the supporters of the main motion of a full opportunity of stating their case. Therefore, in the House of Commons the Speaker or chairman puts this preliminary question: "That the words (proposed to be omitted) stand part of the question." This gives both sections of opinion an equally good chance of presenting their view. If that question is affirmed, the amendment which would have altered that part of the question is *ipso facto* defeated, and the main motion down to and including that part stands secure from any amendment. If, on the contrary, that question is negatived, the proposal to insert the words of the amendment (to fill the gap) is then put to the meeting. If even that fails to be carried, other amendments will no doubt be proposed to fill the void. In Class (2) also of the above forms of amendment, the question put in the House of Commons is similarly: "That the words (to be omitted) stand part of the question"; but the effect of this is the same as the popular method, viz.: "That the words (to be left out) be omitted," because in both cases the issue is simply and plainly the omission of certain words.

Amendments to Amendments. An amendment may be moved to an amendment, though it is not unknown for a chairman (not, perhaps, a highly accomplished and experienced one) to disallow it. While it is a recognised process in debate procedure, and one in common use in Parliament, there is something to be said for the disposition to discourage it at meetings where the audience is of the inexperienced sort; for the steps involved are undoubtedly liable to lead to confusion. The chairman, of course, will need a very clear head for the occasion, but the chief trouble to be feared is the difficulty of keeping the audience clear as to what is taking place and how the debate stands at any given moment. However, such an amendment cannot properly be shut out by a chairman. When it is moved, the amendment proposed thereby to be altered stands for the time being in the position of an original motion. The amendment to it must be dealt with strictly by itself and at once, and disposed of like an ordinary amendment; unless this routine is rigorously followed, hopeless confusion will ensue. When such an amendment has been either carried or lost, the amendment which it sought to modify is again before the meeting, in either its changed or original form, as the case may be; and other

amendments may be moved to it if desired. The technical reason for moving an amendment to an amendment, instead of simply another amendment to the main motion, is that, once an amendment (e.g., the one it is sought to alter) is carried, there can be no further discussion of, or amendments moved to, the main motion down to that point; so that the person thus seeking to change that amendment would have lost his opportunity of advocating his view. The chairman will be well advised to tabulate on paper and keep in front of him each motion with the various amendments. The proceedings may become very complicated, and he cannot afford to disregard any means that will help him to keep a clear course amidst them.

Suppression of Debate. The following are the various forms of motion designed to stop either the discussion on a particular matter or the entire meeting—

1. *That the debate be adjourned.*
2. *That the meeting be adjourned.*
3. *That the chairman do leave the chair.*
4. *That the meeting do proceed to the next business.*
5. *The previous question.*
6. *The closure.*

None of these motions may be moved by one who has already spoken on the motion under consideration at the time. Except the closure, they need a seconder; but, generally speaking, it is not usual for speeches to be made on these motions; indeed, the rules of many bodies expressly disallow any speech by the seconder. Of course, it is different on occasions, as in Parliament, when a motion for the adjournment of the House is used as the technical means of drawing attention to an important matter; a full debate often then results. One of these stopping motions may not be moved upon another stopping motion, and amendments are not allowed to them, except as to the time of an adjournment. Movers are not allowed a reply, and the motions are put at once if they are accepted by the chairman, whose discretion in the matter, it should be noted, is absolute. We will now deal more in detail with these stopping motions, so far as not covered by the above remarks.

Adjournments. Apart from adjournment by motion, there is automatic adjournment when there is no quorum, and a privately convened meeting may be adjourned whenever the conveners please. But if the chairman of a meeting not of that character improperly vacates the chair, a substitute may be elected to finish the business. On the other hand, anything transacted after a meeting has been properly declared to be closed, is invalid. As a rule, motions for adjournment are not allowed to be repeated save after a certain interval of time.

That the Chairman leave the Chair. This is subject *mutatis mutandis* to the rules governing adjournments. Its effect is to adjourn the meeting *sine die*.

That the Meeting proceed to the next business. This motion has much in common with the "previous question," but differs from it in that it may, whereas the "previous question" may not, be moved while an amendment is before the meeting. The effect of the motion, if carried, is simply that the particular motion or amendment before the meeting at the time is dropped without debating it further or putting it to the vote; and the next business is proceeded with, i.e., what would have been taken next if the motion or amendment thus arrested had run its usual course.

The Previous Question. This motion, which is

popularly considered somewhat involved, is designed rather to avoid the taking of a vote on a motion than to oppose it. What is meant by the "previous question" is not the resumption of the other business on the agenda, but the prior question, whether the motion before the meeting shall be put to the vote prior, that is, to the actual putting of the vote itself. The correct form in which this motion should be put to the meeting is: "That the question be not now put"; though it is within the chairman's discretion to refuse to accept the motion. If, being accepted, it is carried, the effect is precisely the same as that of the motion: "That the meeting proceed to the next business," viz., the substantive motion before the meeting is dropped and the other business resumed. If it is defeated, the substantive motion is at once put to the vote, so that in either case discussion on the substantive motion is stopped. The "previous question" cannot be moved upon an amendment.

The Closure. The object of this motion is to stop further discussion on the motion before the meeting and proceed to a vote on it at once. The form in which it is put is: "That the question be now put." It must be seconded, but the chairman need not accept it. It may be moved on an amendment as well as on a motion, and, of course, only closures such amendment, not the main motion as well. It is unusual to permit debate upon a closure motion.

Withdrawal of Motions. If the proposer of a motion or amendment wishes to withdraw it, and the meeting consents, it may be withdrawn. The chairman puts the question in these words: "Is it your pleasure that the motion be withdrawn?" and there may be debate upon it. If it is desired to withdraw a motion while an amendment to it is being discussed, that amendment must first be got rid of either by similar withdrawal or by its being disposed of in the usual way.

Right of Reply. This is usually permitted to only the mover of a substantive motion, rarely to the mover of an amendment, and never to any seconder. The reply is to be made immediately before the motion is put to the vote, or before the first amendment is put to the vote, if there is an amendment. In the latter case this exhausts the right, but the mover of the main motion can, of course, speak on every amendment.

Points of Order and Privilege. Points of order may be raised at any moment during a meeting; they need no seconder; they take precedence over any other business in hand; others may speak shortly to the point raised, and the chairman should give his ruling at once, which is final. The rule against second speeches does not here apply. Substantive business must not be raised or argued under the guise of a point of order, nor personal explanations which are on a different footing. (See below under *Second Speeches*). The word "Question" called out during a speech has strictly the precise meaning of challenging the relevancy of the speaker's remarks, but it is often used erroneously to question their accuracy. Points of order should be raised at once while they are fresh. The matters they are usually concerned with are procedure, quorum, personal conduct, relevancy and propriety of speech.

Points of privilege are raised similarly when the privileges of the meeting or of the audience are supposed to have been infringed. As there is not, generally speaking, so much urgency about these matters as about points of order, they should be

raised at a convenient stage without interrupting anyone.

Second Speeches. Except in the relaxed procedure of committee meetings, only one speech may be made by any one person on the same motion. "Speech" here includes moving and seconding a motion and any amendment to it; and it is quite immaterial how slight or how full the speech may be. It follows that a person may not move more than one amendment to the same motion, though he can speak on any number. The various motions to suppress debate are subject to this rule. The waiving of it in the case of committees is essential to enable a great deal of detail to be discussed, and there seems no reason why small informal meetings—not strictly committees—should not permit themselves the same freedom. There is one other case in which the rule is relaxed, viz., when a speaker wishes to make a personal explanation. It is not easy to define the character and limits of a personal explanation, but any attempt to amplify a previous speech should be stopped, unless it is to clear up a genuine misunderstanding. These personal explanations, however, are subject to the chairman's leave and to the courtesy of the meeting, and of the person speaking at the time the explanation is offered.

The above explanations will be found to cover, as fully as limits of space here permit, all matters of procedure, and the handling of meeting business and debates, except so far as is dealt with in other articles, already explained. Questions may be raised in forms differing, perhaps, from those here instanced, but the principles involved will be the same, and the explanations given should equip a chairman to deal with any contingency. The exact words used in any step of procedure, whether by the chairman in putting a question or delivering a ruling, or by those present, are not vitally material, always excepting the wording of substantive business (motions and amendments), which must be precise. What is essential is that the intention shall be always clearly understood. This requirement of lucidity should continually be uppermost in the chairman's mind, and no trouble spared to satisfy it. There is one of a chairman's duties which is more often omitted than performed, but which is of very great service in keeping the proceedings understood by all, that is, the stating aloud, in its exact terms, of each motion or amendment after it has been moved and seconded, but before general discussion on it begins. It is a mistake to leave the audience to gather the terms from the mover's and seconder's speeches. The general debate should be started by an emphatic giving out by the chairman of the motion or amendment. This applies more to serious debates than to popular or political meetings, when a resolution is of a very general character well understood by all present.

CONDURANGO BARK.—The bark of a South American shrub, which yields a drug used as a cure for venomous bites.

CONFIRMATION NOTE.—A slip, either attached to or sent with an order or contract, so that the receiver may sign the slip as an acknowledgment that he has received and confirms the contract.

CONFLICT OF LAWS.—The term "conflict of laws" is a name which is commonly applied, mostly by American writers, to what is otherwise described as Private International Law. It is concerned with the rights and obligations of private individuals when they are affected by the laws of different countries which have independent jurisdictions.

So long as persons are resident in the same country, no question can arise as to the ordinary contracts entered into; but since the laws of different countries are dissimilar in many respects, questions naturally arise which have to be decided in accordance with different systems, according as the persons involved owe allegiance to different States. Thus, the laws of England, Scotland, India, United South Africa, Australia, and Canada are dissimilar in many respects, and questions arising between persons domiciled in different parts of the British Empire or in foreign countries have to be decided by special rules. It is thus that there comes in a conflict of law, and this is the reason why this name has been so often adopted. As, however, the term International Law appears to be more generally used in this country, the subject is dealt with separately under that heading.

CONGER or CONGER EEL.—A widely distributed marine fish, of which there are various species. The common conger is found abundantly off the coast of Cornwall and Devonshire. It is frequently used in making mock turtle soup, and the flesh, though coarse, is much eaten.

CONGO FREE STATE (BELGIAN CONGO).—**Position, Area, and Population.** The Congo Free State succeeded the Congo International Association, founded in 1882 by Leopold II, King of the Belgians. Recognition of its sovereignty was obtained by international treaties in 1884 and 1885, and the State was placed under the rule of the Belgian King, on the basis of personal union with Belgium. On October 8th, 1908, the State became a Belgian colony under the title of Belgian Congo. Navigation on the Congo, its tributaries, and the lakes and canals connected with it is free, but in 1890 an International Conference at Brussels authorised the Government to levy certain duties on imports. The western boundary (excepting 16 miles of sea-coast, north of the Congo estuary) is the Congo, the Ubangi (a great tributary of the Congo), and Angola. On the north, the river Mbomu forms part of the boundary, and the colony has access to the Nile at the Lado Enclave. The eastern frontier, broadly speaking, follows the line of the Central African Rift Valley, through Lake Albert Edward, and Lake Tanganyika. Rhodesia and Angola bound the colony on the south. The range in latitude is from 5° north to 13° south, and in longitude from 17° to 30° east. Exact statistics of the area and population are not available, estimates give the area as approximately 900,000 square miles, and the native population as between 15,000,000 and 20,000,000. There are about 6,000 Europeans, 60 per cent of whom are Belgians.

Build. Belgian Congo comprises the greater part of the Congo basin, which is, in the main, a huge, circular, basin-shaped hollow (1,500 ft. above the sea), covered largely with alluvium, and surrounded on every side by the edges of higher plateaus. The Congo (about 3,000 miles long) rises on the high tableland between Lake Tanganyika and Lake Nyasa, and flows through Lakes Bangweolo and Mweru, receiving the Lukuga from Lake Tanganyika and the Aruwimi from the highlands west of Lake Albert. Descending to the 1,500 ft. level, the river forms the Stanley Falls, and its numerous tributaries are also interrupted by falls before reaching the same level. The Kwa, formed by the Kasai and other rivers, joins the main stream just before it leaves the basin. From Vivi to Stanley Pool (the

Middle region) the Congo forms many falls in its descent to the coastal plain, which it crosses by a deep estuary 100 miles long. So great is the force of the Congo, that no delta is formed, and vessels take in fresh water where the river enters the sea.

Climate. The climate is typically tropical, and from the European standpoint, bad. Malarial diseases are common, "sleeping sickness" carrying off many of the natives of the Lower Congo. Medical science, however, is apparently finding a remedy, as the number of deaths from this cause is decreasing. The average annual temperature over most of the region is 80° F. Statistics of the rainfall are very imperfect, but a general idea can be gained. The cataract region of the Lower Congo receives an annual rainfall of 55 in.; the southern end of Tanganyika, 50 to 60 in.; the Albertine Rift valley, 70 in.; and in the vast forests of the Aruwimi basin over 100 in. For the most part, the whole of the Congo basin below an average altitude of 1,500 ft. is always hot, moist, and depressing.

Productions and Industries. Agriculture is in a backward state, and this may be accounted for by the low stage of civilisation reached by the natives and by the bounty of Nature. The negroes are fitful in industry, and the development of the agricultural tracts (which need cheap labour) will only come when the natives shall commence to take an interest in their labour. Among the agricultural products, cultivated or freely provided by Nature, are bananas, yams, millet, sweet potatoes, manioc (tapioca), rice, vanilla, maize, tobacco, gourds, cotton, coffee, cocoa, sorghum, sugar (cane), kola nuts, and hemp.

Forestry. Practically the whole of the Congo basin is a typical equatorial forest region, although savannah tracts are interspersed, and large clearings have been made by the natives. The vegetation is luxuriant and exceedingly dense, rivaling that of the Amazonian selvas. Characteristic trees are the coco-nut palm, Borassus palm, raphia palm, oil palm, climbing palm, mahogany, ebony, and rubber. Rubber, ivory, palm-nuts, palm-oil, and white copal are the chief economic products of the forests. The civilisation has been definitely influenced by the dense forest, debased tribes, and the dwarf pygmies, who live by hunting with poisoned arrows, are the chief dwellers. Little animal food is supplied by the forests, and as the natives have a natural craving for flesh, cannibalism results. Enlightened government (at present lacking), extension of railways to aid the waterways, and cheap efficient labour (a problem to be solved) should lead to the full utilisation of the vast forest wealth.

The Pastoral Industry is of small importance. Among the pygmies the dog is the sole domestic animal. Tribes, superior to the pygmies, keep dogs (pariah type), pigs (degenerate types), goats (dwarf), sheep (black and white), cattle (semi-wild), and fowls (bantam-like breeds).

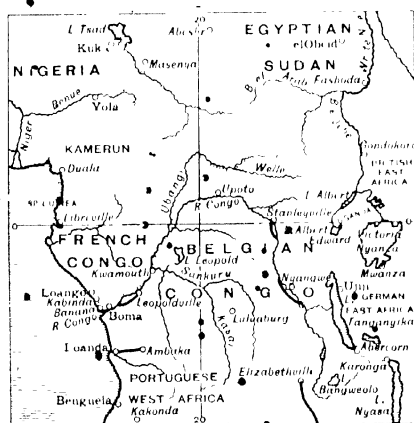
The Fishing Industry. The Congo tribes are great insect and fish-eaters. Fish is cured by drying and smoking, on the islands of Stanley Pool and up the main Congo, Kasai, and the navigable reaches of the great tributaries, and becomes an important article of commerce inland.

The Mining Industry. So far, minerals of value have only been found in the border regions of the Congo basin. Copper exists in the Crystal Mountains, and very valuable deposits have been located in the elevated district of Katanga in the south-east. Gold, iron, and tin also occur.

The Manufacturing Industries. Spears, knives, necklaces, belts, tools, bracelets, dancing bells, chains, and ornaments are manufactured with primitive tools, and the results are often marvellous. Basket and mat-making, spinning and weaving of cotton, and pottery made by hand are among the domestic industries.

Communications. Nature has endowed the interior Congo basin with magnificent stretches of navigable waterways. Ocean-going steamers can enter the great gulf of the Congo estuary and steam inland to Matadi, a distance from the sea of nearly 100 miles (along the windings of the channel). Between Matadi and Leopoldville, on Stanley Pool, there occur rapids and falls, which are avoided by the Congo railway (250 miles). From Stanley Pool, there are approximately 5,000 miles of navigable waterways along which steamers of light draught can penetrate into the very heart of Central Africa. Navigable routes (a further 1,200 miles) only separated from the main Congo system by short stretches of unnavigable channels which have been or are being bridged by railways, are provided by lakes Tanganyika and Mweru, the Upper Luabala, and the Luapula. The Great Lakes Railway from Stanleyville is completed as far as Pontlucville (75 miles), and latterly other lines have been finished which make it possible to travel from the Congo mouth right into the heart of the country. By means of various connections there is communication by rail direct from Cape Town to the river Congo, a distance not much short of 2,700 miles. There has been a good deal of building carried on during the war. Road transport, where the tsetse fly is prevalent, is by means of human porters.

It is uncertain at the time of going to press what changes, if any, will be made in this territory. Of course, the Germans have lost that part which is marked upon the map, east of Lake Tanganyika. Whether this will be absorbed by the Belgians, or left to the guidance and under the charge of the proposed League of Nations, remains to be seen.



(In 1914)

Commerce. The chief exports are rubber (three-fifths of the whole), ivory, palm-nuts, palm-oil, white copal, cocoa, coffee, gold (rude), tin, and hides. The imports consist chiefly of manufactured

goods (cotton, iron, machinery), food substances, metals, and steamers. There is regular steam communication with Antwerp, Liverpool, Rotterdam, and Lisbon. Most trade is with Belgium, Great Britain, France, Holland, Portugal, Angola, and French Congo. The legal money is that of Belgium, but on the Upper Congo the currency consists of brass rods.

Trade Centres. Boma (3,300), the capital, on the Lower Congo, is an important port and railway centre.

Matadi (4,000), at the head of navigation, is an estuary port and railway centre.

Kanana is an estuary port.

Leopoldville, on Stanley Pool, the commercial complement of Boma, is a river port and important trade centre.

New Antwerp (formerly Bangala), the chief town above Leopoldville, is situated about the point where the course of the Congo changes from westerly to southerly.

Stanleyville is a railway centre.

Nyanga, in the south-east, promises future greatness.

Elisabethville, or Katanga, is a town in the extreme south, which has come rapidly into a position of importance during the last few years.

Mail is despatched about twice a month via Belgium. The time of transit is about eighteen to twenty days.

CONGO (FRENCH). This district is shown upon the map given on this page, and the note in the preceding article as to productions and industries applies in the present case. The extent of this territory is about 500,000 square miles, with a population which is estimated at about 10,000,000.

CONSEMMARA MARBLE. A beautiful marble of variegated green, of which large formations are found in the Commemara district of Galway. It is extensively worked and is chiefly used for interior decoration.

CONSCIENCE MONEY.—This is a term occasionally met with in newspapers, when a person has anonymously made a payment to the Chancellor of the Exchequer in respect of some tax or duty which has been intentionally or otherwise avoided by the taxpayer. It occurs most frequently in connection with the payment of income tax, and the name arises from the fact that the payer is supposed to ease his conscience by forwarding the contribution which he is legally bound to pay. Although the particular amounts paid as conscience money are in themselves often quite inconsiderable, the total reaches many thousands of pounds every year.

CONSEQUENTIAL LOSS INSURANCE.—This is a species of insurance which has developed in recent years, and has arisen out of fire insurance. Property may easily be insured against risks of fire, etc., but if a catastrophe occurs there is not only the loss to be faced which arises out of the havoc caused by the fire, etc., but also the loss of business which follows upon a disaster of this kind and the necessary expenses which must be incurred in endeavouring to continue trading. Thus, if business premises are burnt down, it may be necessary to rent other premises at a very high rental. Material may be required in a hurry, and this may bear increased cost. Again, rates, taxes, salaries, debenture interest, and various other fixed charges still have to be met, even though work is at an absolute standstill. Then there is also the certain loss of profit through the general dislocation caused. It is

to cover all losses of this kind that this new kind of insurance has been introduced, and a very practical and equitable scheme has now been devised by which they can be covered and provided against. A little consideration will make it quite clear that consequential loss insurance is quite as imperative as fire insurance, or insurance of any kind against unforeseen disasters. For all particulars as to the rate of insurance and the special requirements under the scheme, application must be made to the offices which undertake this class of business. (See **INDEMNITY INSURANCE**.)

CONSIDERATION.—This is the motive impelling a person to enter into a contract (*q.v.*). It is sometimes classified as good consideration and valuable consideration. By good consideration is meant such a motive as natural love and affection, while valuable consideration has been defined as consisting either in some right, interest, profit, or benefit accruing to the one party, or in some forbearance, detriment, loss, or responsibility given, suffered, or undertaken by the other at the former's request. The distinction is, however, of little practical importance nowadays, for every simple contract, that is, every contract not made by deed, must be supported by a valuable consideration, and a deed (*q.v.*) needs no consideration at all, except it is in restraint of trade, when there must be a valuable consideration. Another division is into executed consideration and executory consideration. The former consists of something completed at the moment the promise or contract is made, the latter of a promise to do or not to do something in future.

The consideration must move from the promisee, i.e., it must be something done or to be done or refrained from by him. Thus, a promise by C to do something cannot form the consideration for a contract between A and B. But the consideration need not necessarily benefit the promisor, for if B agrees to do something for C, that will be sufficient to support a promise made by A to B. So long as the consideration has some tangible value, it need not be an adequate return for the promise it has to support. People may make their own bargains, and, apart from fraud, the law does not inquire into or rectify any inadequacy. (See **CATCHING AND UNDERHAND BARGAIN**.) Thus, it is quite open for a man to contract validly to work for a 1d. a day, or to sell his gold watch for 2d., so long as all is fair and above board; but inadequacy of consideration is always a ground for suspecting the existence of fraudulent dealing. A promise to do something which is obviously impossible is not a consideration, nor is a promise of an illusory or uncertain nature, nor one that does not involve a legal, as distinguished from a mere moral, obligation. Forbearance to bring an action, and an honest compromise of a disputed claim, however, amount to valuable consideration. As a general rule, a past consideration, or something done by a party before the making of a contract, does not constitute consideration, though there are some exceptions. Thus, where services have been rendered by one person to another at the latter's request, a subsequent promise to pay for such services can be enforced; and where a person has in an emergency done something which another was legally bound to do, or which was entirely for the benefit of that other, the thing so done will be deemed to be a sufficient consideration to support, and even to imply, a promise by the other to indemnify the doer against loss by reason thereof. (See also **AGENCY**.)

Marriage is a valuable consideration, and so, between the immediate parties, is a promise to marry. For the consideration necessary for the validity of a sale, etc., by a mercantile agent, see **FACTORS ACT**.

CONSIDERATION FOR A BILL OF EXCHANGE.

Every contract, not being a contract under seal, requires a consideration to support it, and bills of exchange (including cheques) are no exception to this rule, though there is this difference when it becomes a question of suing in a court of law. In the case of an ordinary contract, the plaintiff must prove the existence of a consideration; but when an action is brought on a bill of exchange, it is for the defendant to prove an absence of consideration, if this is the defence set up. As to what constitutes a consideration, see the preceding article.

By Section 27 of the Bills of Exchange Act, 1882, "valuable consideration for a bill may be constituted by—

"(a) Any consideration sufficient to support a simple contract;

"(b) Any antecedent debt or liability."

The second part of this definition is an exception to the general rule of simple contracts, viz., that the consideration must not be a past one.

It is a presumption that every person whose signature appears on a bill of exchange became a party thereto for valuable consideration. This presumption, however, may be rebutted by evidence to the contrary. In an action on a bill, the production of the bill itself is sufficient to establish the case of the holder until a defence of fraud, duress, illegality, or want of consideration is set up. Then it is incumbent upon the holder to prove that after the alleged fraud, duress, or illegality, value has been given for the instrument, and that the bill has been transferred to him in good faith without notice of the fraud, etc. In any case, where it is necessary to show the existence of a consideration, the adequacy of it is immaterial, unless a bill has been taken at a ridiculously low value, when it may be of importance to consider whether it was taken *bonâ fide* by the holder in ignorance of the real facts of the case.

The rules as to impeachment of value in the case of bills of exchange are well summarised in Chalmers's *Bills of Exchange*—

"(1) Any defence available against an immediate party is available against a remote party who is in privity with such immediate party.

"(2) Mere absence of consideration, total or partial, is matter of defence against an immediate party or a remote party, who is not a holder for value, but it is not a defence against a remote party who is a holder for value.

"(3) Total failure of consideration is a defence against an immediate party, but it is not a defence against a remote party, who is a holder in due course.

"(4) Partial failure of consideration is a defence *pro tanto* against an immediate party when the failure is an ascertained and liquidated amount, but not otherwise. It is not a defence against a remote party who is a holder for value.

"(5) Fraud is a defence against an immediate party and against a remote party who is not a holder in due course.

"(6) Illegality of consideration, total or partial, is a defence against an immediate party, but not against a holder in due course.

"(7) When a bill is given for a consideration

which by statute expressly makes it void, it is, as against the party who gave it, void in the hands of all parties whether immediate or remote."

It cannot be too carefully remembered that every holder of a bill of exchange is presumed to be a holder for value, and if value has been given for it at any time it will be no defence to an action on the bill against any party who was a party to it previous to the time of its last transfer for value that he received no consideration for it; but there is no right of action against an immediate transferor unless value is given. For example, if a bill is drawn and accepted for value, and then transferred through the hands of several persons and at last handed as a gift to the holder, the holder can recover the amount of the bill from any person whose signature appears upon it, except the person from whom he received it as a gift.

Sometimes a bill is accepted on a collateral oral agreement that it shall be renewed if the acceptor is not in a position to meet it when it falls due. Evidence of such an agreement cannot be given on the ground that its effect would be to contradict the terms of the written document.

Where the holder of a bill has a lien on it, arising either from contract or by implication of law, he is deemed to be a holder for value to the extent of the sum for which he has a lien.

Many bills are drawn, accepted, and put into circulation without any consideration passing, the various signatories lending their names to oblige their friends. Such bills are called "accommodation bills"—also commonly known as "fictitious bills," "kites," and "windmills"—and the persons who draw, accept, or indorse them are called "accommodation parties." Until value has been given, no party is liable to pay the amount of such a bill, but directly value has been given, a holder in due course has a right to proceed against any of the signatories, even though he is aware of the fact that the instrument is only an accommodation bill. An accommodation bill is discharged when it is paid by any person who is in reality, though not formally, the principal debtor. (See ACCOMMODATION BILL.)

If a bill (including, of course, a promissory note and a cheque) is given for a wagering or gaming debt, the winner cannot sue the loser upon it. It is also clear law that a bill given to secure a gaming or wagering debt is void in the hands of a holder for value with notice of the transaction, but if the bill is transferred for value to a third person who is unaware of the fact that it is connected with a gaming transaction, such third person can enforce payment.

CONSIDERATION MONEY.—This is a term used on the Stock Exchange, and signifies the amount of money that is named in the transfer of registered stock as being paid by the purchaser to the vendor. In practice, this amount is often quite different from that which is actually received by the seller, for it frequently happens that a subsequent sale is made by the buyer, and in such a case the Stamp Act requires that the consideration money which is paid by the new purchaser shall be the amount which must be inserted in the deed, as that is the amount which regulates the *ad valorem* duty payable upon the transaction.

CONSIGN.—The act of forwarding goods from one place to another, or from one person to another.

CONSIGNEE.—This is the person to whom goods are consigned or sent; the receiver of the goods.

CONSIGNMENT.—Consignment means the goods

or property sent by means of carrier by one or more persons, called the consignors, in one place, to another or more persons, called the consignees, who are in another place. A consignment is a species of mercantile conveyance operating upon the particular effects consigned, which, though it may be defeasible, may operate in the meantime and enable the consignee by his acts to bind the consignor. If a consignor inserts the name of a consignee in a bill of lading, there is nothing final or irrevocable in this to prevent the consignor, so long as he remains the owner of the goods, changing his purpose at any time before the delivery of the goods, or of the bill of lading. He may, therefore, attach a condition to the use of the proceeds arising from the sale of the goods, and require the consignee to pay a debt to a third person in priority to a debt due from the consignor to the consignee. To ensure the performance of such a condition, the consignor may, in the alternative, make the goods deliverable to a third person.

CONSIGNMENT ACCOUNTS.—The accounts in a merchant's business which show the resultant profit or loss of a consignment of goods. A consignment may be either outward or inward. The consignor is the person who sends out goods to his agent abroad (who is termed the consignee) for realisation; and as, until realisation, the goods are simply stock in other hands, and, in addition, certain expenses are incurred in connection with them, special treatment of these consignments is required in the merchant's books of account.

Consignments Outward. When the goods are sent a special account is opened in the consignor's books, called, for example, "Consignment No. 1—Cape Town," and this account is debited with the invoice value of the goods, and the sales account credited, or a consignment purchases account may be used and credited when a large number of consignments are sent out and goods are bought specially for the purpose. The invoice value of the goods may be their actual cost or with the addition of a percentage for buying and dealing with the goods. For the guidance of the agent in selling the goods a *pro forma* invoice is often forwarded to him. The consignment account is also debited with the expenses the consignor has to pay for their shipment, insurance, etc. When the consignment has been realised, the agent forwards an account sales (*q.v.*) to the consignor, showing the result of the realisation and the net amount is credited to the consignment account, and either cash or bills receivable or the person to whom sold is debited. The balance of the consignment account then represents the profit made or loss sustained, and is closed by the transfer to profit and loss account of such balance.

If a profit and loss account and balance sheet are prepared and consignments are not closed, if no realisations have been made, the account is simply stated among the assets in the balance sheet under the term "Consignments"; but should consignments be partly realised, the balance of the consignment unrealised should be brought down to debit in the account at a proportionate rate to the cost of the whole consignment, and profit or loss then dealt with on the realised portion.

Consignments Inward. In these cases, as the agent is not liable for the goods but simply holds them in trust for the time being, no entry of account need be made in his books until the goods are realised and he receives cash for them. If, however, he has allowed the consignor to draw on account of the

realisation, or has incurred expense, then he will have a debit entry in his ledger for the amounts, and on receipt of the proceeds he will debit cash and credit the consignor. On remitting, he will debit the consignor and credit his commission account with commission, and credit cash and debit the consignor with the balance of proceeds, thus closing the account.

The accounts (shown below) will now be easily followed, showing the treatment of a consignment in both the consignor's and the consignee's books of account.

CONSIGNMENT NOTE.—A form that has to be filled up when goods are sent by rail.

CONSIGNMENT OF GOODS BY RAIL.—1. **Goods Train.** A railway company is bound by law to carry such goods as are handed to it for conveyance in a fit and proper condition and at a reasonable hour. On the other hand, the company cannot charge for services which they "unreasonably refuse" to allow a trader to perform for himself in certain cases. For instance, where the rate charged includes collection charges and the sender of the goods himself delivers them to the railway company, he will be entitled to a certain "rebate."

When consigning goods by goods train, it is necessary for the consignor to furnish to the railway company "an exact account in writing, signed by him, of the number or quantity of goods conveyed," with the names of the stations to which and from which the goods are to be sent. It should be noted that, although the railway consignment notes are frequently used for convenience, it is not necessary to use the railway company's form. Many firms provide their own consignment notes, but they are all based on the ordinary railway form. In filling up the form, the full name and address of the consignee should be clearly set forth. It is also very necessary to describe accurately the exact nature and contents of the package or packages.

This is important for two reasons. Different classes of goods are chargeable at different rates (see **CLASSIFICATION OF GOODS FOR TRANSIT BY RAIL**); and by the **Railway Rates and Charges Acts, 1891-1892**, it is laid down that if the consignor of a small parcel declines to state the nature and contents of a small parcel, the company may charge for the parcel at the Class 5 rate—the highest rate. Then again, full particulars of the nature and contents should be given so that, in the event of any claim being made for the loss of or damage to any of the goods, the railway company cannot refuse the claim on the ground that the goods were not correctly or sufficiently described. It should be noted that it is not sufficient merely to describe the nature of the goods (e.g., oil). The purpose for which the goods are to be used should also be stated, as different classes of the same kind of goods are chargeable at different rates (e.g., oil for lubricating machinery is in Class 1, castor-oil in Class 3, etc.). A railway company cannot compel a person to declare the contents of a package other than one containing explosives or dangerous things, but, as explained above, a consignor has nothing to gain by not giving full details. Whatever information is given, must be accurate, as the **Railway Clauses Act, 1845**, provides that—

"If he (the owner of the goods) give a false account with intent to avoid the payment of any tolls payable in respect thereof, he shall for every such offence forfeit to the company a sum not exceeding £10 for every ton of goods, or for any parcel not exceeding 1 cwt., and so in proportion; and such penalty shall be in addition to the toll to which such goods may be liable."

When the sender of goods is aware of their weight, he should declare it on the consignment note, as a railway company will, unless it has some special reason for refusing to do so, accept the statement, and thus there is a saving of time on the part of the

In Consignor's Books.

Consignment No. 1—Cape Town.

MESSRS ROBINS & CO, per ss. "Speedy"							
Dr.				Cr.			
		£	s. d.			£	s. d.
May 1.	To 10 Cases Machinery ..	750	0 0	June 20.	By Bill Receivable ..	600	0 0
" "	" " Freight ..	15	0 0	Aug 15.	" " " being		
" "	" " Insurance ..	10	0 0		balance of net proceeds ..	264	10 0
" "	" " Sundries ..	4	0 0				
Aug. 15.	" Profit, transferred to						
	Profit and Loss A/c ..	85	10 0				
		£861	10 0			£864	10 0

In Consignee's Books.

JONES & CO., LONDON

		£	s. d.			£	s. d.
May 20.	To Bill Payable ..	600	0 0	July 18.	By Cash ..	900	0 0
July 18.	" Landing Charges, etc. ..	3	0 0				
" "	" " Insurance ..	1	0 0				
" "	" " Commission ..	22	10 0				
" "	" " Del credere ..	9	0 0				
" "	" " Bill Payable ..	264	10 0				
		£900	0 0			£900	0 0

railway staff. Then the consignor has to state whether the goods are to be carried at his own or at the company's risk. Two rates are in operation for the carriage of most articles—O R (owner's risk) and C R (company's risk). Goods forwarded O R (the lowest rate) are conveyed solely at the risk of the owner, except as regards damage, misdelivery, delay, or detention, arising as the result of wilful misconduct on the part of the company's servants. Under the C R rate the railway company is responsible for whatever occurs in transit.

The consignment note also requires information as to who pays carriage—consignor or consignee. Although, strictly speaking, the railway company is not bound to accept goods if the consignor does not pay the charge at the time of despatch. In practice, however, the companies look to the party named for payment of their charges.

As to the route which the goods are to be conveyed, the natural right of the railway company which first gets hold of the consignment is to carry it as far as it can on its own line and then, at the point which is most convenient to itself, to hand it over to the company which has to forward it the remaining distance, but if definite instructions are given by the consignor that a particular route is to be followed and these instructions are ignored, an action would lie against the railway company for any loss or damage. As a general rule, however, a railway company is not compelled to convey by the shortest route, so long as the goods are delivered within a reasonable time.

Mixed in a prominent position at every goods station there is a notice specifying the hours after which goods will not be received for conveyance that day, but the consignor should make it a rule to despatch his goods early, before midday if possible.

The consignor should be careful to obtain from the railway company at the time of forwarding goods, a separate receipt or signature for each parcel which he hands to them, so that in the event of any dispute arising afterwards, proof may be able that the goods were really handed to the company for transmission.

It is one of the rules of the railway companies that each consignment must be charged separately, but when a consignor has a number of small parcels to send to different consignees in the same place, he may find it cheaper to send them all together as one consignment by goods train. A large parcel is, of course, much cheaper to send than the same weight made up of a number of small parcels. In "bulking" as it is called, there are, however, certain extra charges for the delivery of the separate lots, these charges being known as "split" delivery charges, so that bulkage does not invariably result in a saving. It is impossible to lay down a hard-and-fast rule and say that it will pay a manufacturer to consign all parcels of a certain weight together as one lot, because the result depends upon the weight, the rate, and the commodities to be forwarded, and each consignor must determine the matter for himself according to the nature of his particular business.

2. Passenger Train. Railway companies are not by law compelled to carry all kinds of traffic by passenger train, but they invariably notify their willingness to carry parcels of general merchandise at the advertised rates for all and sundry. Just as the General Railway Classification furnishes the basis of the charge for traffic by goods train, so

also a booklet published by the railway companies, dealing only with parcels arrangements, provides the key to the charges for parcels by passenger train. A number of concessions of an important nature are to be found in the booklet, but it is impossible to reproduce them all here, and every person interested in passenger traffic should procure a copy of the publication from the particular company or companies with which he does business.

As with goods traffic, so with passenger train parcel traffic, different rates apply to different descriptions of goods, and there are, therefore, the same reasons why a full and accurate declaration of the contents of a parcel should be made.

As regards valuable articles such as silks, furs, watches and clocks, scientific instruments, and the like, railway companies are entitled to demand payment of a fee for insurance, and the insurance rates are also set out in the above mentioned booklet. On the other hand, the sender is entitled to demand from the company a receipt for such a parcel.

With regard to the actual consigning of goods to be forwarded by passenger train, one of the most practical methods is to obtain a book or a batch of consignment notes from the railway company and fill them up in duplicate by the use of carbon paper. With his carbon copies before him, the consignor is in a position to furnish satisfactory proof of what was actually on the original note, in case of dispute, while the copies will also be found of considerable use when checking a railway carriage account. (See RAILWAY CHARGES, CHECKING.)

CONSIGNOR. The person who consigns or sends goods to another person or place.

CONSOLIDATED ANNUITIES. This is the name which is applied to the consolidation or amalgamation of various annuities into one common debt. When the Government borrowed money in former times, the repayment of the same was secured by charging different forms of revenue, and the interest payable upon these loans varied considerably. Eventually the whole were combined, and they became known as "consolidated annuities," a term which has now been shortened in practice to "Consols" (*q.v.*)

CONSOLIDATION OF MORTGAGES. A mortgagor who owns several properties may desire to mortgage the whole of them, and if he mortgages them to the same person, *i.e.*, to one mortgagee, the mortgagee may be inclined to advance more money upon the different properties when he takes the lot than he would do if he only took a mortgage of one or two of them. In return for this, he gets the right to demand that if the mortgagor wishes to pay off the mortgages, he can demand that the whole of them shall be redeemed and not a portion of them only. This is known as consolidation. In fact, the mortgagee is entitled to put his mortgages together and to say to the mortgagor: "If you want to redeem, you must pay off the whole of my debt and not a part only."

Since the passing of the Conveyancing Act, 1881, this right of consolidation must be specially reserved by the mortgage deed, otherwise it no longer exists. Section 17, dealing with this subject, is as follows—

"(1) A mortgagor seeking to redeem any one mortgage, shall, by virtue of this Act, be entitled to do so, without paying any money due under any separate mortgage made by him, or by any person through whom he claims, on property

other than that comprised in the mortgage which he seeks to redeem.

"(2) This Section applies only if and as far as a contrary intention is not expressed in the mortgage deeds or one of them."

(See MORTGAGE.)

CONSOLS.—The term Consols is a contraction of "consolidated funds" and "consolidated stock." In the early part of the eighteenth century the Government borrowed large sums of money at different times, and these loans were secured by charges upon the proceeds of the customs, excise, stamps, and other sources of revenue. A portion of revenue was allocated to each part of the debt, and the rate of interest paid varied very considerably. This led to great inconvenience, and eventually all the various funds of the Government were consolidated, the different classes of the public debt being treated in the same manner, and a uniform rate of interest of 3 per cent. being paid upon this debt. Hence arose the 3 per cent. Consolidated Annuities, or 3 per cent. Consols. The consolidated funds are now pledged as a whole for the payment of the interest upon the consolidated stock. By the conversion of the National Debt (*q.v.*) the rate of interest was reduced from 3 per cent. to 2½ per cent., with a further reduction to 2¼ per cent. after 1903. This conversion was effected by Mr. Goschen in 1888.

When Consols are bought, the purchaser obtains a receipt. This receipt, however, is not of any value, the purchaser's title being the entry in the books of the Bank of England. A transfer of Consols is effected by the owner attending personally at the Bank of England or by his authorising an attorney to act for him. The interest is due on January 5th, April 5th, July 5th, October 5th. Consols are marked ex dividend about four weeks before the interest is due. (See POWER OF ATTORNEY—TRANSFER OF GOVERNMENT STOCK.)

If desired, stockholders can obtain certificates to bearer, with coupons attached for the interest. (See NATIONAL DEBT.)

The price of Consols, which reached the extraordinary figure of 114 in 1896, fell very considerably after that date, and an opportunity of conversion and investment in the Great War Loan of 1915 was eagerly seized by many of those people who were enabled to comply with the conditions laid down as to the purchase of new stock to a fixed extent, as the price at which Consols were taken in conversion was much in advance of the market figure at which they were quoted.

CONSPIRACY.—This offence, which gives a right to both a civil and a criminal action, is defined as "an agreement between two or more persons to do an unlawful act, or to do a lawful act by unlawful means." Where a conspiracy results in damages of a financial character, civil proceedings may be taken, but these are frequently futile, as the guilty persons have no means of paying the damages which may be awarded. In the realm of criminal law there are any number of conspiracies possible, for each of which proceedings may be taken. As far as trade disputes are concerned, legislation has curtailed the number of offences in respect of which proceedings might have been taken, but any person commits an offence who (a) if employed by a municipal authority, or by a company or a contractor, whose duty it is to supply any city or place with gas or water, wilfully and maliciously breaks the contract of service, knowing

or having reasonable cause to believe that the probable consequences of his so doing, either alone or in combination with others, will be to deprive the inhabitants of that city or place wholly or to a great extent of their supply of gas or water, or (b) wilfully and maliciously breaks a contract of service or hiring, knowing or having reasonable cause to believe that the probable consequences of his so doing, either alone or in combination with others, will be to endanger human life, or cause serious bodily injury, or expose valuable property to destruction or serious injury.

The special offence of conspiracy which has reference to commercial affairs is that which arises when two or more persons combine together for the purpose of defrauding a person or persons of valuable goods or chattels. Thus, A, B, and C, by unlawful means, induce D to part with his goods and make no payment for the same, and have no intention of paying for them. The three may be indicted for conspiracy. This offence is very frequently known as a "long firm" swindle.

CONSTRUCTIVE TOTAL LOSS.—A constructive total loss is as much a total loss as an actual total loss, and, consequently, unless a different intention appears from the terms of the policy, an insurance against total loss includes a constructive, as well as an actual, total loss. A constructive total loss in insurance law is that which entitles the assured to claim the whole amount of the insurance, on giving due notice of abandonment.

Section 60 of the Marine Insurance Act, 1906, enacts as follows—

"(1) Subject to any express provision in the policy, there is a constructive total loss where the subject-matter insured is reasonably abandoned on account of its actual total loss appearing to be unavoidable, or because it could not be preserved from actual total loss without an expenditure which would exceed its value when the expenditure had been incurred.

"(2) In particular, there is a constructive total loss—(i) Where the assured is deprived of the possession of his ship or goods by a peril insured against, and (a) it is unlikely that he can recover the ship or goods, as the case may be, or (b) the cost of recovering the ship or goods, as the case may be, would exceed their value when recovered, or (ii) in the case of damage to a ship, where she is so damaged by a peril insured against that the cost of repairing the damage would exceed the value of the ship when repaired. In estimating the cost of repairs, no deduction is to be made in respect of general average contributions to those repairs payable by other interests, out of account is to be taken of the expense of future salvage operations and of any future general average contributions to which the ship would be liable if repaired, or (iii) in the case of damage to goods, where the cost of repairing this damage and forwarding the goods to their destination would exceed their value on arrival."

Section 61 enacts that—

"Where there is a constructive total loss, the assured may either treat the loss as a partial loss, or abandon the subject-matter insured to the insurer, and treat the loss as if it were an actual total loss."

"There is a distinction," says Mr. Justice Willes, in *Barker v. Janson*, 1868, 37 L.J.C.P. 106, "between the case of a ship damaged to such an extent that she cannot be taken to any place where

she can be repaired, and the case of a ship which has received damage to such an extent that she cannot be taken to any place where she can be reasonably repaired. In the first case, there would be an actual total loss. The second case implies that the vessel can be repaired, but at an unreasonable expense, and in that case there would be only a constructive total loss."

If a vessel is sold by the insured or his agent, he is bound to account to the insurers for the amount received, and, if the insurers are not satisfied that the amount is correctly stated, they can have the accounts sent to an auditor, but if they go to trial, it is incumbent on them to show that more salvage was received than is accounted for. The insured may always withhold an abandonment if he chooses to do so, nor does this discharge or bar his claim against the insurers, it affects only the manner of adjustment. If the loss is actually total, as there is nothing to abandon, an abandonment can have no effect whatever. If the loss is such that an abandonment is necessary to make it total, then the insured may claim and adjust it as a partial loss if he wishes to do so, or he may abandon and claim for a total loss. As he never needs to abandon, unless he chooses to do it, he may make an abandonment whenever he pleases, but if he makes one when the insurers are not bound to accept it, and they do not accept it, the abandonment has no effect whatever, but the insurers may accept any abandonment made to them, and, if they choose to accept an abandonment which they are not bound to accept, by such acceptance they make it valid, and they must then settle the loss as a constructive total loss.

The legal position, when a loss has occurred which can be treated as a constructive total loss, is dealt with by Sections 61 and 62 of the Marine Insurance Act 1906. Where there is a constructive total loss the assured may either treat the loss as a partial loss, or abandon the subject-matter insured to the insurer and treat the loss as if it were an actual total loss. Where the assured elects to abandon the subject-matter insured to the insurer, he must give notice of abandonment. If he fails to do so, the loss can only be treated as a partial loss. Notice of abandonment may be given in writing, or by word of mouth, or partly in writing and partly by word of mouth, and may be given in any terms which indicate the intention of the assured to abandon his insured interest in the subject-matter insured unconditionally to the insurer. Notice of abandonment must be given with reasonable diligence after the receipt of reliable information of the loss, but where the information is of a doubtful character, the assured is entitled to a reasonable time to make inquiry. Where notice of abandonment is properly given, the rights of the assured are not prejudiced by the fact that the insurer refuses to accept the abandonment. The acceptance of an abandonment may be either express or implied from the conduct of the insurer. The mere silence of the insurer after notice is not an acceptance. Where notice of abandonment is accepted, the abandonment is irrevocable. The acceptance of the notice conclusively admits liability for the loss and the sufficiency of the notice. Notice of abandonment is unnecessary where, at the time when the assured receives information of his loss, there would be no possibility of benefit to the insurer if notice were given to him. Notice of abandonment may be waived by the insurer. Where an insurer has

re-insured his risk, no notice of abandonment need be given by him. When the assured has once elected to treat the loss as a total loss, the underwriters can insist upon his abiding by the election, so as to enable them to take the benefit of any advantage which may arise from the thing insured. Therefore the object of notice is that he may tell the underwriters at once what he has done, and not keep it secret in his mind, to see if there will be a change of circumstances. There is another reason: the thing in various ways may be profitably dealt with. Therefore the second reason for requiring notice of abandonment to be given to the underwriters is, that they may do, if they think fit, what in their opinion is best, and make the most they can out of that which is abandoned to them. The assured may, on the other hand, however serious the damage may have been, refrain from giving notice of abandonment, and treat the loss as partial. After giving notice of abandonment, the assured's right to recover for a total loss is dependent upon whether the state of things which entitled him thus to give notice of abandonment continued down to the time of bringing the action. No amount of damage, however great, which does not threaten the entire destruction of the thing insured, no amount of difficulty in regaining possession of it, which does not involve an absolute temporary privation of ownership, or alienation of property, can make a case of constructive total loss. In deciding whether there is a constructive total loss, while the assured may take into account all the cost he will have to incur to recover the thing insured—including in the case of a ship the cost of repairs at the particular time and place, and the cost of floating her, and any general average contribution to which she may be liable if repaired—he must give credit for such portion of the cost of saving the interest insured, as he may be entitled to recover from the owners of other interests concerned if the operation is successfully carried out. Where goods are saved in a damaged state at a place other than that of their destination, the mode of computation to be adopted, in order to decide whether or not there is a constructive total loss, is to take the whole cost of getting them to their destination, which will have to be incurred by reason of their position and condition. This will include such charges as landing, drying, warehousing, re-shipping, and carriage to their destined port, but credit must be given for the freight payable on delivery under the old bill of lading.

Where there is a valid abandonment, the insurer is entitled to take over the interest of the assured in whatever may remain of the subject-matter insured, and all proprietary rights incidental thereto. Upon the abandonment of a ship, the insurer thereon is entitled to any freight in course of being earned, which is earned by her subsequently to the casualty causing the loss, less the expenses of earning it incurred after the casualty, and, where the ship is carrying the owner's goods, the insurer is entitled to a reasonable remuneration for the carriage of them subsequently to the casualty causing the loss. Mere expectation or apprehension of total loss does not give a right to abandon. If a ship, for instance, strands, there is no right to abandon her if she can be got off in any way, but she cannot be got off, or begins to break up, then the assured may abandon. There is no special form in which notice of abandonment must be given, but

the notice must be unmistakable in its terms. The failure to give notice of abandonment within what may, under the circumstances, be regarded as a reasonable time, will prevent the owner from recovering for more than an average loss. What is a reasonable time must depend on the particular circumstances of each case. The assured abandons at his own risk, and no duty is imposed on the underwriter to accept or reject the abandonment; the underwriter may wait to ascertain what the circumstances really are before he decides either to pay a total loss or to reject the abandonment. If the underwriter accepts the abandonment, he is bound, although the thing insured is afterwards restored. On the underwriter paying the assured the amount due in respect of an actual or constructive total loss, he becomes subrogated to all the rights and remedies of the assured in and in respect of the thing insured.

CONSUL.—Consul is the name given to those officers whom the State maintains in foreign countries for the protection of its trade and vindication of the rights of its merchants, and to whom the further duty is assigned of keeping the home government informed of all facts bearing on the commercial interests of the country. The practice of appointing such officers originated among the trading communities of Italy about the middle of the twelfth century, and gradually extended itself, and in the sixteenth century had been adopted by all the countries of Europe. In addition to their commercial duties, others of a more strictly political kind were frequently confided to consuls in places in which there was no ambassador or political agent.

A consul is not generally clothed with any diplomatic character. He is appointed by the sovereign of the country for which he acts, and has right to act in the country to which he is appointed is authorised by a document called an "exequatur," granted by the Foreign Office. A consul may be a native of the country which uses his services, or of the country in which he fulfils his duties, or of any third country, if he is domiciled in the country where he acts. Often he is a person engaged in trade, but some countries forbid their regular consular representatives to engage in mercantile transactions on their own account.

In almost all the countries of Europe, consuls are divided into consuls-general, consuls, vice-consuls, and consular agents.

The rate of remuneration paid depends upon many circumstances, and in some cases the position is honorary, but whether he is a salaried official or not, a consul is entitled to charge fees in respect of many of the duties of his office, which fees are known as consular fees.

In Mohammedan and non-Christian countries, consuls have a different status from that which they hold in Christian countries, their position in the former having generally the character of quasi-diplomatic representation. This is the result of treaty stipulations. The consuls exercise a certain amount of judicial power, as it is felt that it would not be safe to leave the decision of disputes, civil or criminal, in which Europeans and Americans are concerned to the local courts. Throughout the Turkish Empire, for instance, England has had a network of consular and vice-consular courts culminating in the court of the Consul-General at Constantinople. It is not yet known how this arrangement will be affected, so far as Turkey is concerned, as a result of the events of

the Great War. It is the same in China, Siam, and other parts of the East. Japan submitted to a similar restriction until 1899, but owing to the rapid advance of the country—Japan was not known as an empire until 1910—and her position as one of the Great Powers of the World, she then demanded that she should be placed on an equality with other nations so far as the administration of justice was concerned. In order to obtain the privileges attached to this peculiar right, foreigners resident in any of the countries which possess these consular courts must register themselves and comply with the regulations of the consulate.

England has a very complete consular service, as there are British consuls, or vice-consuls at all the chief ports and towns with which this country has commercial relations. But the method of employing persons of a nationality other than British to superintend the trading relations of this country in other parts of the world was fiercely criticised during the period of the Great War, as it was revealed that foreigners—frequently of German origin or German sympathies—had had charge of British interests in various countries. The overhauling of the consular system, at least as far as appointments are concerned, will have to be one of the chief objects of Great Britain in dealing with the questions relating to foreign trade in the future.

The functions of a British consular officer, as at present defined, are to watch over the rights of British subjects in his district, to send periodical reports on the local import and export trade, to fix up for the Board of Trade certain returns connected with British shipping, to assist British subjects who are tried for offences in the local courts, and ascertain the humanity of their treatment after sentence, to issue passports to British subjects, and to affix visas to passports granted elsewhere. A consul, if authorised by warrant as a marriage officer, may solemnise marriages in his official house. The official house is the office at which the business of such officer is transacted.

Section 6 of 52 Vict. c. 10, as amended by Section 2 of 54 and 55 Vict. c. 50, enacts that:—

"Every British ambassador, envoy, minister, charge-d'affaires, and secretary of embassy or legation exercising his functions in any foreign country, and every British consul-general, consul, vice-consul, and acting consular agent exercising his functions in any foreign place, may, in that country or place, administer any oath and take any affidavit, and also do any notarial act which any notary public can do within the United Kingdom, and every oath, affidavit, and notarial act administered, sworn, or done by or before any such person shall be as effectual as if duly administered, sworn, or done by or before any lawful authority in any part of the United Kingdom. Any document purporting to have affixed, impressed, or subscribed thereon or thereto the seal and signature of any person authorised by this section to administer an oath in testimony of any oath, affidavit, or act being administered, taken, or done by or before him, shall be admitted in evidence without proof of the seal or signature being the seal or signature of that person, or of the official character of that person."

When a consul suspects that the shipping laws are being evaded, he may require the owner or master to produce the log-book or other ship documents. Where an offence has been committed on

CONSULAR INVOICE FOR U.S.A.

All blanks in these Three Columns to be filled in by Shipper. The form of Invoice on the other side to be used.

LONDON, ENGLAND

Directions

[Form No. 140.]

CONSULAR CERTIFICATE.

(Date) _____
 I do hereby certify that the invoice described in the instrument hereof was this day produced to me by the signer of the annexed declaration.

I do further certify that I am satisfied that the person making the declaration hereto presented is the person he represents himself to be, and that the prices given in the invoice agree with the actual market value or wholesale prices of the merchandise described in the said invoice in the principal markets of the country at the time of exportation, excepting as noted by me upon said invoice, or respecting which I shall make special communication to the proper authorities.

I further certify

[Form No. 138.]

Declaration of Purchaser or Seller or duly authorized Agent of either.

I, _____, do solemnly and truly declare that I am the _____ (Purchaser or Seller) of the merchandise in the within invoice mentioned and described; that the said invoice is in all respects correct and true, and was made at the place named therein, whence said merchandise is to be exported to the United States of America; that said invoice contains a true and full statement of the time when, the place where, and the person from whom the same was purchased, and the actual cost thereof, price actually paid or to be paid therefor, and all charges thereon; that no discounts, bounties or drawbacks are contained in said invoice but such as have been actually allowed thereon; that no different invoice of the merchandise mentioned in said invoice has been or will be furnished to any one, and that the currency in which said invoice is made out is that which was actually paid &c is to be paid for said merchandise.

I further declare

I further declare that it is intended to make entry of said merchandise at the port of

In the United States of America.

Dated at LONDON, ENGLAND, this _____ day of _____, 19____

PURCHASED BY IMPORTER.

Invoice No. _____ issued in _____ (Triplicate and Quadruplicate)

Certified _____, 19____

Here mark the forms "Original," "Duplicate," and "Triplicate" respectively.

AMERICAN CONSULAR SERVICE

AT

LONDON, ENGLAND.

Date _____, 19____

Seller

Purchaser

Name of vessel or railroad

Port of Shipment, LONDON.

Port of arrival

Port of entry

Amount of invoice

Kind of goods

Importer

Vessel

From

Arrived

Kind of Entry

Mark, Quantity, and Contents

Factura Consular Brasileira. (Brazilian Consular Invoice.)

N. da factura.....

Consulado em.....

DECLARAÇÃO (DECLARATION).

Declaramos solemnemente que somos exportadores ou carregadores das mercadorias
We solemnly declare that we are the exporters or shippers of the merchandise
mencionadas nesta factura contidas nos volumes indicados
specified in this invoice, contained in the packages indicated
a qual é exacta e verdadeira a todos os efeitos, sendo essas mercadorias destinadas ao porto de.....
which is in all respects true and exact, this merchandise being destined to the port of
do Brasil e consignadas aos Sres.....
Brazil and consigned to Messrs.....

STAMP

§..... guarantee the authenticity of the above.

Agente do Exportador.
Agent of Exporter.

Observações do Consul

VISTO..... Consulado da Republica dos Estados Unidos do Brasil em.....
aos..... dias do mez. de..... de 19.....

Recebi seis shillings e nove dinheiros
tendo sido a estampilha collada na 1ª via.

Consul

Nome e nacionalidade do navio á vela
Name and nationality of sailing vessel

Nome e nacionalidade do navio á vapor
Name and nationality of steamer

Porto do embarque da mercadoria
Port of shipment of the merchandise

Porto do destino da mercadoria
Port of destination of the merchandise

Porto do destino da mercadoria
Port of destination of the merchandise

com opção para
with option for

Porto do destino da mercadoria
Port of destination of the merchandise

em transito para
in transit for

Valor total da factura including frete e despesas approximadas £
Total value of the invoice inclusive of approximate freight and charges

Frete e despesas approximadas £
Approximate freight and shipping charges

Agio da moeda do paiz de procedencia
Exchange of the country whence exported

1 2, 3, or 4.

* Place and Date.

† Signature.

‡ Cross out description, not used.

§ 1 or We.

Quantidade Packages.	Especificação da mercadoria de conformidade com a nomen- clatura oficial ou com a factura comercial.	Peso em kilogramas Weights in kilos.	Valor por unidade declarada por artigo, inclusive ou exclusive de fretes e despesas.	País de origem Country of origin
Especie.	Specification of the merchan- dise, in conformity with the official nomenclature or com- mercial invoice.	Bruto dos volumes.	Líquido dos artigos.	Specified values, in- clusive or exclusive of freights and charges.
Description		Gross of the packages.	Net of the articles.	

the high seas, or abroad ashore, by British seamen or apprentices, the consul makes inquiry on oath, and may send home the offender and witnesses by a British ship. He has power to detain a foreign ship, the master or seamen of which appear to him, through their misconduct, or want of skill, to have caused injury to a British vessel, until the necessary application for satisfaction or security be made to the local authorities. If the master of a British ship engages seamen at a foreign port, the engagement is sanctioned by the consul. The consul collects the property of British seamen dying abroad, and remits to His Majesty's Paymaster-General. He also looks after seamen who have been shipwrecked or left behind. Money disbursed by consuls on account of the illness or injury of seamen is generally recoverable from the owner. The consul may also pay the expenses of maintaining and forwarding to their destination passengers picked up from shipwrecked vessels. As already pointed out, consuls in Turkey, China, and Siam have extensive judicial and executive powers.

CONSULAGE.—The fees paid to a consul for the performance of certain duties.

CONSULAR.—Everything that pertains to the office or the duties of a consul.

CONSULAR INVOICES.—Consular invoices, that is to say, invoices signed by a consul, must be obtained for goods exported to the United States of America, Chili, Brazil, Portugal, and South American countries. The usual method of procedure is for the exporting merchant or someone appointed by him to take four copies of the invoice, duly signed by the head of the firm or one of the partners, pay the consular fee (which the consul is privileged to charge for putting his signature to commercial documents) according to the different countries, and leave all the copies of the invoice with the consul. He will then return one copy, duly certified, to the merchant; another copy he will send to the Customs Authorities at the port of entry; a third will be retained by himself; and the fourth either returned to the merchant, or sent as a duplicate to the Customs Authorities by a succeeding mail to the one already despatched. The invoice must show the exact contents of each package, the nature or texture of the goods—whether wool, cotton, wool and cotton, cotton and silk, etc., etc.—and, of course, the prices. The merchant must make a declaration before the consul, and this declaration is on one side of the consular invoice and the invoice for the goods on the other side. The laws of the country to which the goods are shipped must be observed, particularly those relating to import duties on certain goods, and the invoice must show the country of origin and manufacture. For European and Eastern countries a special form of invoice is necessary, and this may be obtained from a Chamber of Commerce, a small charge usually being made to cover necessary expenses.

So many changes are made in connection with consular invoices that it is impossible to give particulars as to the methods to be adopted and the charges to be made, which will stand the test of time. It is essential that inquiry should be made at the respective consulates whenever it is required to send goods abroad.

CONSULAR SYSTEM.—The consuls appointed by the Government for service abroad have important duties to perform, especially in the advancement of British trade, and in looking after and promoting British commercial interests. Consuls may

be civil servants specially appointed for their work, who have to devote themselves exclusively to their prescribed duties; or they may be merchants already living in the country in which the consular functions are to be exercised. For their services, consuls are entitled to certain fees known as consularage. According to their rank may be distinguished various grades, ranging from Consul General to Vice Consul or Pro Consul. To assist consuls in making inquiries into commercial matters, commercial attachés may be appointed. Although the consul's duties are primarily in connection with commerce, use is made of him in a variety of ways as is shown in the article CONSUL (q.v.). At the time of going to press, a Government inquiry is being made into the working of the British consular system, and it seems likely that considerable changes will shortly be made in the method of appointment and the duties of consuls.

CONSULATE.—The office and residence of a consul, though the word is sometimes used to signify the jurisdiction of a consul.

The consulate is not generally held to be extrajurisdictional in the same way that an embassy is, but for the performance of certain legal formalities it is as though it were a part of the country for which the consul acts. Thus, marriages duly solemnized and recorded in the books of British consulates are as valid as though the contracts were entered into in England.

Special protection is granted to, and claimed for, consulates in Central and South America. They are places of refuge for foreigners during political disturbances, and are legally inviolable when floating the flags of their own countries.

CONSULSHIP.—The office or term of office of a consul.

CONTANGO.—Contango is the Stock Exchange name for the sum paid by a speculative buyer (bull) to the seller for the privilege of deferring payment for the stock he has purchased from one settling day to the next. It is really interest on the amount of money which the speculator is due to pay, but defers, and is the exact opposite to backwardation (q.v.).

CONTANGO DAY.—The first day of the settlement on the Stock Exchange. This is the day on which arrangements are made by stockbrokers and their clients for the carrying over of transactions to the next account. Contango Day is sometimes known as "Making-up Day," or "Continuation Day."

CONTEMPT OF COURT.—It is one of the chief essentials of good order and government that the utmost respect should be paid to the different courts of justice not only as far as its officials are concerned, but also as regards its orders. Consequently, any person who does any act which has a tendency to bring any court of justice into contempt and ridicule is guilty of the offence known as contempt of court, just in the same way as a person who defies any order made by the court itself. The most common way in which a contempt of court is committed in the former sense is by commenting upon a case which is still *sub judice*, i.e., still under the consideration of the court, the comment not being in the nature of a report of the proceedings which have actually taken place in court. Again, imprisonment for debt is abolished in this country, but if the court orders the payment of moneys, even though they are in the nature of a debt, any neglect to obey such an order is a contempt of court. The offence is punishable by either

fine or attachment and imprisonment during the pleasure of the court, or until the offender has cleared himself of his offence by making an apology or otherwise.

So far as offences in open court are concerned, it appears that the offence of contempt of court is only committed in the case of courts of record, *i.e.*, courts in which the judgments are kept or recorded, and whose judgments prove themselves upon production. Courts of record are the High Court, the courts of assize and quarter sessions, county courts, and various other minor courts. Petty sessional courts, *i.e.*, the ordinary police courts, are not courts of record, and it would seem that any contempt of these last-named courts would not constitute the offence of contempt of court. Thus, if a person behaves in an unruly or unseemly fashion in a police court, the presiding magistrate or justices can do nothing more than direct his removal from the court—he cannot be committed to prison for his conduct.

CONTINGENCIES.—Circumstances which may possibly arise, but which are not certainties. The corresponding adjective "contingent" is used in the following connections—

(a) **Contingent Account.** This is a provision made in some businesses to meet unforeseen or uncertain liabilities. It is in reality a reserve.

(b) **Contingent Liability.** A liability which can only exist definitely upon the happening of some uncertain event. For example, the liability of an indorser upon a bill of exchange.

(c) **Contingent Remainder.** A remainder, or chance of succession to the possession of certain property, depending upon events or conditions which may never happen or be performed.

CONTINGENCY FREIGHT.—This phrase signifies that the assured can insure his interest in goods to be shipped, which will be created by his paying freight on arrival.

CONTINGENT INSURANCE.—(See **INDEMNITY INSURANCE**.)

CONTINGENT LIABILITY.—This signifies a liability which is of an uncertain character. Thus, if A gives a guarantee on behalf of B, the liability of A is contingent, but if B fails to keep his obligation, the liability of A becomes actual.

CONTINUATION CLAUSE.—It is just possible, in the case of marine insurance, that a time policy which covers a vessel may expire whilst the vessel is at sea, or is delayed by untoward or unexpected circumstances. To provide against this contingency, it is sometimes provided that the insurance shall continue by some such clause as the following: "She shall, provided previous notice is given to the underwriters, be held covered at a *pro rata* monthly premium till she arrives at her port of destination." It is obvious that the time of insurance may be considerably enlarged by such a clause, but it has been judicially decided that, although policies are thus continued for a period which extends beyond twelve months, they are not void, provided that, in addition to the ordinary policy duty, an additional 6d stamp is affixed to the policy. If the policy is actually extended after the end of twelve months, in accordance with the clause, this may be done either by the issue of a fresh policy or by the indorsement of the old policy, but in either case there must be a fresh stamp duty paid just as if a new insurance was being effected.

CONTINUATION DAY.—This is the first of the three days of settlement on the Stock Exchange.

It is, also known as "Making-up Day" and "Contango Day."

CONTINUATION SCHOOLS.—The evening school, as at present known, was originally started by the managers of the various voluntary schools belonging to different denominations. The State did not take any interest in the education of the people until 1870, when it passed an Act to provide for public elementary education in England and Wales. In 1889 an Act was passed to facilitate the provision of technical instruction. It gave the local authority power to supply technical or manual instruction as the authority might think expedient. Technical instruction is defined as "instruction in the principles of science and art applicable to industries, and in the application of special branches of science and art to specific industries or employments."

In the year 1902 a far-reaching Education Act was passed, which constituted the council of every county and of every county borough, the local education authority. The county, or the county borough, was entrusted with the control of education, both elementary and other than elementary. "Other than elementary" means the supply of what is known as secondary or higher education. Parliament placed in the hands of the Education Authority a certain sum of money derived from taxation, and the local education authority could also raise money out of the rates. It has been with this fund that the local education authority has carried on continuation schools, or evening schools, to which scholars of both sexes might come and continue the studies which they left off when they left the public elementary school, or any other school.

The central authority, which governs all local authorities in the matter of elementary and higher public education, is the Board of Education. This Board makes grants of money from time to time to the local education authorities for the purpose of carrying on evening or continuation schools.

Many examples might be given of schools where evening education is carried on, and where many hundreds of youths of both sexes, as well as men and women of mature age, pursue their nightly studies during the autumn, winter, and spring sessions. The fee which each student pays is quite nominal; the teaching staff consists of highly-trained persons, many of them possessing University degrees; all modern appliances are provided free for use, including exercise books. Most of the students are engaged in earning their living in the daytime, and they spend their evenings in self-improvement. Various examinations are held, and certificates are granted. These certificates are highly valued by both students and employers, and the possession of them is always of advantage to the student, for they are a proof to the employer that the holder is a person who deserves encouragement by increase of salary and a position of greater trust.

The list of subjects taught in a London continuation school will be mentioned below, and will indicate what has been taught in evening schools all over England and Wales. Special subjects are taught in each school, suited to the district in which the school is situated, *e.g.*, in an agricultural district, agriculture and horticulture will be special courses; in a manufacturing district, chemistry as applied to dyeing, metallurgy and mineralogy as applied to the working of the metals and minerals of the district.

The following is the list of subjects given in the

prospectus of a typical school—Drawing, including principles of ornament, repoussé, gold and silver-smith's work, woodcarving, gilding, wall papers, book covers, art needlework, modelling, furniture designing, building construction, botany, chemistry, geometry, horticulture, hygiene, mathematics, magnetism and electricity, machine construction, drawing office practice, mechanics, physiology, English, dramatic reading and elocution, French, German, Spanish, Italian, Latin, shorthand, book-keeping, accountancy, business methods, banking, commercial law, Local Government law, geography, history, political economy, Civil Service course, typewriting, arithmetic, commercial correspondence, photography, millinery, first aid, infant care, wood work, metal work, vocal music, gymnastics, violin, swimming. Fees—Students over sixteen, 2s 6d for all subjects, not including science and art, and 5s, including science and art. Students under sixteen, 1s 6d and 2s 6d respectively. If students under sixteen cannot pay the fee, they will be admitted free in suitable cases.

During the last few years, the development of evening education has been remarkable, and a large number of the continuation schools have developed into "Commercial Institutes," presided over and staffed by a body which is ever becoming more and more efficient.

So much for continuation schools in the past. But a new era is opening, and when the new Education Act, 1918, comes into full play, there will be a sweeping change so far as these schools are concerned, and the education will not be confined to the evening. The following sections of the Act are of importance—

"3—(1) It shall be the duty of the local education authority for the purposes of Part 2 of the Education Act, 1902, either separately or in co-operation with other local education authorities, to establish and maintain, or secure the establishment and maintenance under their control and direction, of a sufficient supply of continuation schools in which suitable courses of study, instruction, and physical training are provided without payment of fees for all young persons resident in their area who are, under the Act, under an obligation to attend such schools.

"(2) For the purposes aforesaid the local education authority from time to time may, and shall when required by the Board of Education, submit to the Board schemes for the progressive organisation of a system of continuation schools, and for securing general and regular attendance thereat, and in preparing schemes under this section the local education authority shall have regard to the desirability of including therein arrangements for co-operation with universities in the provision of lectures and classes for scholars for whom instruction by such means is suitable.

"10—(4) Subject as hereinafter provided, all young persons shall attend such continuation schools at such time, on such days, as the local education authority of the area in which they reside may require, for 320 hours in each year, distributed as regards times and seasons as may best suit the circumstances of each locality, or in the case of a period of less than a year, for such number of hours distributed as aforesaid as the local education authority, having regard to all the circumstances, consider reasonable.

Provided that (a) the obligation to attend continuation schools shall not, within a period of seven years from the appointed day on which the provisions of this section come into force, apply to young persons between the ages of 16 and 18, nor after that period to every young person who has attained the age of 16 before the expiration of that period, and (b) during the like period, if the local education authority so resolve, the number of hours for which a young person may be required to attend continuation schools in any year shall be 280 instead of 320.

"(2) Any young person (i) who is above the age of 14 years on the appointed day, or (ii) who has satisfactorily completed a course of training for, and is engaged in, the sea service in accordance with the provisions of any national scheme which may hereafter be established, by order in council or otherwise, with the object of maintaining an adequate supply of well-trained British seamen, or pending the establishment of such scheme, in accordance with the provisions of any interim scheme approved by the Board of Education, or (iii) who is above the age of 16 years and either (a) has passed the matriculation examination of a university of the United Kingdom, or an examination recognised by the Board of Education for the purposes of this section as equivalent thereto, or (b) is shown to the satisfaction of the local education authority to have been up to the age of 16 under full time instruction in a school recognised by the Board of Education as efficient or under suitable and efficient full-time instruction in some other manner, shall be exempt from the obligation to attend continuation schools under the Act unless he has informed the authority in writing of his desire to attend such schools and the authority have prescribed which school he shall attend.

"(3) The obligation to attend continuation schools under the Act shall not apply to any young person (i) who is shown to the satisfaction of the local education authority to be under full-time instruction in a school recognised by the Board of Education as efficient or to be under suitable and efficient full-time instruction in some other manner, or (ii) who is shown to the satisfaction of the local education authority to be under suitable and efficient part-time instruction in some other manner for a number of hours in the year (being hours during which he not exempted he might be required to attend continuation schools) equal to the number of hours during which a young person is required under this Act to attend a continuation school.

"(4) Where a school supplying secondary education is inspected by a British university, or in Wales or Monmouthshire by the Central Welsh Board, under regulations made by the inspecting body after consultation with the Board of Education, and the inspecting body reports to the Board of Education that the school makes satisfactory provision for the education of the scholars, a young person who is attending, or has attended, such a school shall for the purpose of this section be treated as if he were attending, or had attended, a school recognised by the Board of Education as efficient.

"(5) If a young person who is or has been in any school or educational institution, or the parent of any such young person, represents to the Board that the young person is entitled to

exemption under the provisions of this section, or that the obligation imposed by this section does not apply to him, by reason that he is or has been under suitable and efficient instruction, but that the local education authority have unreasonably refused to accept the instruction as satisfactory, the Board of Education shall consider the representation, and, if satisfied that the representation is well founded, shall make an order declaring that the young person is exempt from the obligation to attend a continuation school under this Act for such period and subject to such conditions as may be named in the Order. Provided that the Board of Education may refuse to consider any such representation unless the local education authority or the Board of Education are enabled to inspect the school or educational institution in which the instruction is or has been given.

"(6) The local authority may require, in the case of any young person who is under an obligation to attend a continuation school, that his employment shall be suspended on any day when his attendance is required, not only during the period for which he is required to attend the school, but also for such other specified part of the day, not exceeding two hours, as the authority consider necessary in order to secure that he may be in a fit mental and bodily condition to receive full benefit from attendance at the school. Provided that, if any question arises between the local education authority and the employer of a young person whether a requirement made under this subsection is reasonable for the purposes aforesaid, that question shall be determined by the Board of Education, and if the Board of Education determine that the requirement is unreasonable, they may substitute such other requirement as they think reasonable.

"(7) The local education authority shall not require any young person to attend a continuation school on a Sunday, or on any day or part of a day exclusively set apart for religious observance by the religious body to which he belongs, or during any holiday or half-holiday to which by any enactment regulating his employment or by agreement he is entitled, nor so far as practicable during any holiday or half-holiday which in his employment he is accustomed to enjoy, not between the hours of seven in the evening and eight in the morning. Provided that the local education authority may, with the approval of the Board, vary those hours in the case of young persons employed at night or otherwise employed at abnormal times.

"(8) A local education authority shall not, without the consent of a young person, require him to attend any continuation school held at or in connection with the place of his employment. The consent given by a young person for the purpose of this provision may be withdrawn by one month's notice in writing sent to the employer and to the local education authority. Any school attended by a young person at or in connection with the place of his employment shall be open to inspection either by the local education authority or by the Board of Education at the option of the person or persons responsible for the management of the school.

"(9) In considering which continuation school a young person shall be required to attend a local

education authority shall have regard, as far as practicable, to any preference which a young person or the parent of a young person under the age of 16 may express, and, if a young person or the parent of a young person under the age of 16 represents in writing to the local education authority that he objects to any part of the instruction given in the continuation school which the young person is required to attend, on the ground that it is contrary or offensive to his religious belief, the obligation under this Act to attend that school for the purpose of such instruction shall not apply to him, and the local education authority shall, if practicable, arrange for him to attend some other institution in lieu thereof or some other school.

"11—(1) If a young person fails, except by reason of sickness or other unavoidable cause, to comply with any requirement imposed upon him under the Act for attendance at a continuation school, he shall be liable on summary conviction to a fine not exceeding five shillings, or, in the case of a second or subsequent offence, to a fine not exceeding one pound.

"(2) If a parent of a young person has conducted to or connived at the failure on the part of the young person to attend a continuation school as required under this Act, he shall, unless an order has been made against him in respect of such failure under section 99 of the Children Act, 1908, be liable on summary conviction to a fine not exceeding two pounds, or, in the case of a second or subsequent offence, whether relating to the same or another young person, to a fine not exceeding five pounds.

"12—(1) The Board of Education may from time to time make regulations prescribing the manner and form in which notice is to be given as to the continuation school (if any) which a young person is required to attend, and the times of attendance thereat, and as to the hours during which the employment must be suspended, and providing for the issue of certificates of age, attendance and exemption, and for the keeping and preservation of registers of attendance, and generally for carrying into effect the provisions of the Act relating to continuation schools.

"(2) For the purposes of the provisions of the Act relating to continuation schools, the expression 'year' means in the case of any young person the period of twelve months reckoned from the date when he ceased to be a child, or any subsequent period of twelve months."

Throughout the Act the expression "young person" means a person under eighteen years of age who is no longer a child.

It is obvious upon the merest inspection that the new scheme as regards continuation schools is most adroit, and with proper organisation this advanced method of education should be of the utmost benefit. It will, of course, take many years for the whole plan to get into thorough working order, and perhaps it is wise that compulsion of this character should only be applied by degrees. But something of this character has been required for half a century. The elementary education given in the past has come to an end at the very moment when the pupil is most prepared to go forward and to utilise the knowledge which he has already acquired. Under our system, as it has been worked up to the present, in the vast majority of cases the early education has been entirely lost, and

voluntary effort could never accomplish what was needed. Under the new system a gradually-imposed compulsion will take the place of our former haphazard methods, and if properly worked there should be dawning for this country an educational opportunity of the very best order.

CONTRA.—Latin, "against," on the other side."

CONTRABAND.—Contraband is a term generally given to illegal traffic. The general freedom of neutral commerce with the respective belligerent powers is subject to certain exceptions. Among these is the trade with the enemy in certain articles called contraband of war. The almost unanimous authority of writers on international law, of prize ordinances, and of treaties, agree to enumerate among these all warlike instruments or materials which are by their own nature fit to be used in war. Beyond these, there is some difficulty in reconciling the conflicting authorities derived from the opinions of public jurists, the fluctuating usage among nations, and the text of various conventions designed to give the usage that fixed form of positive law. The privilege has never been denied to a belligerent of intercepting the access to his enemy of such commodities as are capable of being immediately used in the prosecution of hostilities against himself, but at no time has opinion been unanimous as to what articles ought to be ranked as being of this nature, and no distinct and binding usage has hitherto been formed, except with regard to a very restricted class. The practice of different nations has been generally determined by their maritime strength, and by the degree of convenience which they have found in multiplying articles, the free importation of which they have wished to secure for themselves, or to deny to their enemy. Frequently, they have endeavored by their treaties to secure immunity for their own commerce when neutral, and have extended the list of prohibited articles by proclamation so soon as they became belligerent.

The following goods have been held to be always contraband by the English Prize Courts: Arms of all kinds, and machinery for manufacturing arms, ammunition, and materials for ammunition, including lead, sulphate of potash, nitrate of potash, chlorate of potash, and nitrate of soda, gunpowder and its materials, saltpetre and brimstone, also gun cotton, military equipments and clothing, and military stores. Naval stores, such as masts, spars, rudders, and ship timber, hemp, cordage, sailcloth, pitch and tar, and copper fit for sheathing vessels. Marine engines and the component parts thereof, including screw propellers, paddle-wheels, cylinders, cranks, shafts, boilers, tubes for boilers, boiler plates, and fire-bars, marine cement and the materials used in the manufacture of it, as blue lhas and Portland cement, iron in any of the following forms: anchors, rivet-iron, angle-iron, round bars of from three-quarters to five-eighths of an inch in diameter, rivets, strips of iron, sheet plate iron exceeding one quarter of an inch, and bow moor and bowling plates.

The following articles have been held to be contraband when the circumstances showed that they were probably intended to be applied to warlike purposes: Provisions and liquors fit for the consumption of the army or navy, money, telegraphic materials, such as wire, porous cups, platina, sulphuric acid, and zinc, materials for the construction of a railway, as iron bars, sleepers, hay, horses, rosin, tallow, and timber.

During the Franco-German war of 1870, England considered that the character of coal should be determined by its destination, and vessels were prohibited from sailing from British ports with supplies directly consigned to the French fleet in the North Sea. In 1884 Russia declared that she would "categorically refuse her consent to any articles in any treaty, convention, or instrument whatever which would imply" the recognition of coal as contraband of war. The Russian regulations, however, in the Russo-Japanese war declared coal to be absolute contraband. The Japanese declaration treated it as being only conditional contraband. "Detention of provisions," says Hall (*Int. Law*, 5th edit. p. 664), "is almost always unjustifiable, simply because no certainty can be arrived at as to the use which will be made of them, so soon as certainty is in fact established, they and everything else, which directly and to an important degree contribute to make an armed force mobile, become rightly liable to seizure. They are not less noxious than arms, but, except in a particular juncture of circumstances, their noxiousness cannot be proved."

The British and American Governments made vigorous protests against the Russian declarations at the commencement of the Russo-Japanese war, which included provisions in the list of absolute contraband, and accordingly food was relegated to the category of conditional contraband. It is usual at the outbreak of war to issue instructions specifying the articles which will be considered as contraband, and this furnishes neutrals with an opportunity of protesting, if need be, against the inclusion of any articles, the prohibition of which would be unjustifiably detrimental to their trade.

Trade between neutrals has a *prima facie* right to go on, in spite of war, without molestation; but if the ultimate destination of goods, though shipped first to a neutral port, is the enemy's territory, then, according to the doctrine of "continuous voyages," the goods may be treated as if they had been shipped to the enemy's territory direct.

At the Conference of London (see DECLARATION OF LONDON) there was a very general feeling that the establishment of a strictly defined and generally recognised list of contraband articles would be infinitely preferable to a continuance of the uncertainty which had resulted from the conflicting claims and the varying practice of different nations. Three lists were accordingly drawn up, specifying (a) everything that may be treated as absolute contraband; (b) the kind of goods which may become conditional contraband; (c) a number of articles which shall in no case be declared contraband.

The following articles may, without notice, be treated as contraband of war, under the name of absolute contraband—

(1) Arms of all kinds, including arms for sporting purposes, and their distinctive component parts. (2) Projectiles, charges, and cartridges of all kinds, and their distinctive component parts. (3) Powder and explosives specially prepared for use in war. (4) Gun-mountings, limber boxes, limbers, military wagons, field forges, and their distinctive component parts. (5) Clothing and equipment of a distinctly military character. (6) All kinds of harness of a distinctly military character. (7) Saddle, draught, and pack animals, suitable for use in war. (8) Articles of camp equipment and their distinctive

component parts. (9) Armour plates. (10) Warships, including boats and their distinctive component parts, of such a nature that they can only be used on a vessel of war. (11) Implements and apparatus designed exclusively for the manufacture of munitions of war, for the manufacture or repair of arms, or war material for use on land or sea.

Articles exclusively used for war may be added to the list of absolute contraband by a declaration, which must be notified. Certain discoveries or inventions might make the above list insufficient. An addition may be made to it on condition that it concerns articles exclusively used for war.

The following articles, susceptible of use in war as well as for purposes of peace, may, without notice, be treated as contraband of war, under the name of conditional contraband—

(1) Food-stuffs. (2) Forage and grain, suitable for feeding animals. (3) Clothing, fabrics for clothing, and boots and shoes, suitable for use in war. (4) Gold and silver in coin or bullion; paper money. (5) Vehicles of all kinds available for use in war, and their component parts. (6) Vessels, craft, and boats of all kinds; floating docks, parts of docks, and their component parts. (7) Railway material, both fixed and rolling-stock, and material for telegraphs, wireless telegraphs, and telephones. (8) Balloons and flying machines and their distinctive component parts; together with accessories and articles recognisable as intended for use in connection with balloons and flying machines. (9) Fuel; lubricants. (10) Powder and explosives not specially prepared for use in war. (11) Barbed wire and implements for fixing and cutting the same. (12) Horseshoes and shoeing materials. (13) Harness and saddlery. (14) Field glasses, telescopes, chronometers, and all kinds of nautical instruments.

Articles which are not susceptible of use in war may not be declared contraband of war. They are the following—

(1) Raw cotton, wool, silk, jute, flax, hemp, and other raw materials of the textile industries, and yarns of the same. (2) Oil seeds and nuts, copra. (3) Rubber, resins, gums, and lacs; hops. (4) Raw hides and horns, bones, and ivory. (5) Natural and artificial manures, including nitrates and phosphates for agricultural purposes. (6) Metallic ores. (7) Earths, clays, lime, chalk, stone, including marble, bricks, slates, and tiles. (8) Chinaware, and glass. (9) Paper and paper-making materials. (10) Soap, paint, and colours, including articles exclusively used in their manufacture, and varnish. (11) Bleaching powder, soda ash, caustic soda, salt cake, ammonia, sulphate of ammonia, and sulphate of copper. (12) Agricultural, mining, textile, and printing machinery. (13) Precious and semi-precious stones, pearls, mother-of-pearl, and coral. (14) Clocks and watches, other than chronometers. (15) Fashion and fancy goods. (16) Feathers of all kinds, hairs, and bristles. (17) Articles of household furniture and decoration, office furniture and requisites.

The above are the rules respecting contraband laid down by the Declaration of London, but that Declaration, however, never received the formal adhesion of the Powers represented, and in certain countries, Great Britain included, legislation will be necessary before such a course can be adopted. The Declaration of London was, in fact, thrown out by the House of Lords.

Every article of contraband, by the law of nations, is liable to confiscation; a distinction, however, is made in favour of articles conditionally so. These are subject to pre-emption only.

By Section 38 of 27 and 28 Vict. c. 25, provided as follows—

“Where a ship of a foreign nation passing the seas laden with naval or victualling stores intended to be carried to a port of any enemy of Her Majesty, is taken and brought into a port of the United Kingdom, and the purchase for the service of Her Majesty, of the stores on board the ship, appears to the Lords of the Admiralty expedient without the condemnation thereof in a Prize Court, in that case the Lords of the Admiralty may purchase, on the account or for the services of Her Majesty, all or any of the stores on board the ship; and the Commissioners of Customs may permit the stores purchased to be entered and landed within any port.”

The English practice is to purchase at the market value, adding 10 per cent. for profit.

The above was written for the first edition of the present work and in the light of the customs of war which were supposed to prevail in 1912. The great struggle between Great Britain and her Allies on the one hand and the German Empire and the Central Powers on the other revolutionised all ideas as to warfare waged on the high seas. It was the intention of the Allies to adhere as far as possible to the principles enunciated in the Declaration of London—although this never had any legal binding force—especially to those which concerned the dealing in contraband goods. The conduct of the Central Powers, however, rendered such a course impossible, and Orders in Council were repeatedly made, chiefly of a retaliatory nature, by which changes were made in the recognised practice of nations. The position at the end of 1918 was most nebulous, and it will take some years to enable the civilised powers of the world to enunciate the principles of international law upon this subject which will be considered binding in the future.

CONTRACT.—The contract is the basis of all commerce. There have been many attempts to define a contract. Reduced to its simplest form, it is a promise which is enforceable by legal proceedings, or, to amplify that a little, a contract is an agreement whereby a person freely promises to do or to abstain from doing some possible act, and is legally bound or liable for the fulfilment of that promise to the person to whom it is made. There must be at least two parties to a contract, namely, the person who promises, and the person to whom the promise is made. The former must be a definite, ascertained, and existing person or legal entity; the latter must be a person or entity in existence when the promise is made, but need not be specifically known to or ascertained by the promisor at that moment. Thus, A may promise B, and he may also promise to do something for or to give something to any person, whoever he may be, who occupies a certain position or fulfils a certain condition. Such a promise as this does not itself amount to a contract, but when the unnamed or unknown person comes forward and performs the condition, he may thereby accept the promise or offer made by A, so as to bind A to fulfil his promise. In other words, every contract must consist of an offer by the one party and an acceptance of that particular offer by the other party. The

parties must be intending to agree about the same thing and on the same terms, the exact thing offered by the one must be knowingly and intentionally accepted by the other. This essential is often expressed by saying that the parties must be *ad idem*, or that there must be a *consensus ad idem*, or that there must be a mutual consent and that consent must be made apparent. Since there must be two parties at least, a man cannot contract with himself, even though he may act in two or more capacities, nor can a partner contract with his firm, nor one branch of a business with another branch, nor two departments of the same company. Examples of this rule are found in the well-known instances that a landlord selling under a distress for rent cannot himself purchase the goods, that a mortgagee selling the mortgaged property under a power of sale cannot be the purchaser, and that if a company buys its own debentures they are extinguished.

Form of Contract. There are three main classes of contracts, a contract falling into one or other of the classes according to the mode of its formation, viz., contracts of record, contracts under seal, and simple contracts.

Contracts of record are of little practical importance commercially, and, as they are rather implied by law than dependent upon the agreement of the parties, they do not fall within the meaning just given to the expression "contract." They include judgments and recognisances enrolled in the records of courts of law.

A contract under seal, sometimes called a specialty contract, is one that is made by deed (*q.v.*), and the promise made thereby is called a covenant. Some contracts must be made under seal, viz., contracts made without valuable consideration (*q.v.*), contracts of corporations (subject to several exceptions), conveyances, mortgages, and leases for more than three years, of land, assignments and surrenders of leases, contracts for the sale of sculpture with the copyright therein, transfers of shares in companies, except otherwise provided in the articles of association, and transfers of shares in a British ship.

Simple contracts include all that are not contracts of record or made under seal. They may be made orally, or in writing, or may be either wholly or partly implied from the conduct of the parties. In some few cases the law imposes a sort of contractual obligation upon a person without any actual agreement. A simple contract, however made, is sometimes called a parol contract.

In several cases the law requires a simple contract to be put into writing, or to be in some way evidenced by a written document, before it can be enforced, *e.g.*, bills of exchange and promissory notes; contracts of marine insurance; assignments of copyright; such transfers of shares as are not required to be made under seal; acknowledgments of debts barred by the Statute of Limitation (see *post*). By Section 4 of the Statute of Frauds (*q.v.*) there must be a memorandum or note in writing, signed by the party to be charged or his agent, before an action can be brought—

"(1) To charge any executor or administrator upon any special promise to answer damages out of his own estate,

"(2) To charge a defendant upon any special promise to answer for the debt, default, or miscarriage of another person.

"(3) Upon a contract made in consideration of marriage;

"(4) Upon a contract relating to lands, tenements, or hereditaments, or any interest in or concerning them, or

"(5) Upon any agreement that is not to be performed within the space of one year from the making thereof."

These cases will be dealt with in the article on the Statute of Frauds.

By Section 4 of the Sale of Goods Act, 1893 (see *SALE OF GOODS*), a contract for the sale of any goods of the value of £10 or upwards cannot be enforced by action unless the buyer accepts and actually receives part of the goods, or gives something in earnest to bind the contract or in part payment, or unless some note or memorandum in writing of the contract is made and signed by the party to be charged or his agent.

Contracts are also classified, with reference to the time of their performance, as executed contracts and executory contracts. An executed contract is one which has been wholly performed by one of the parties, but remains to be performed by the other party, *e.g.*, a man buys goods in a shop and pays for them; he has performed his part, but the tradesman has yet to deliver the goods. An executory contract is one under which something remains to be done by both parties, *e.g.*, a suit of clothes is ordered from a tailor, the tailor has to make and deliver the clothes, the customer has to accept and pay for them. As a general rule, an action for breach of an executory contract cannot be brought before the time fixed for performance, or if no time is specially fixed, until after the expiration of the customary or reasonable period, but before that day arrives a party declares that he will not perform his contract, or renders himself incapable of performing it, an action may be commenced at once without waiting for the future day (*Hochster v. De la Tour*, 2 El. and Bl. 678, *Frost v. Knight*, L.R. 7 Ex. 111, and see *post*).

There are certain essentials to the validity of all contracts, these are: (1) parties legally capable of contracting, (2) mutual consent, sometimes referred to as offer and acceptance, and (3) some legal and possible thing to be done or omitted which forms the subject matter of the contract. To these may be added certain requirements as to the form or evidence of the contract, whether by deed or by writing (see *ante*), and, in the case of simple contracts, of valuable consideration (see *CONSIDERATION*). If any one or more of these essentials is absent, the so-called agreement, which purports to be a contract, will be either (a) unenforceable, that is, valid in itself, but incapable of being proved in a court of law, or (b) voidable, that is, capable of being enforced or repudiated at the option of a party, or (c) void, that is, of no legal effect whatever.

Capacity to Contract. Certain classes of persons are deemed by law to be incompetent to bind themselves by a contract, such incapacity being either absolute or extending only to particular contracts. A contract made by such a person is in some cases entirely void and of no effect, and in others is voidable at the option of the party who is under the disability, that is, he cannot be bound by it against his will, but may enforce it for his own benefit if he elects to do so. The principal cases of incompetency to contract, whether absolute or partial, are found in connection with infants, or

young people of either sex under twenty-one years of age, married women, lunatics, drunkards, persons under duress, and foreigners or aliens. An undischarged bankrupt may render himself liable to one year's imprisonment by entering into a contract under certain circumstances, especially if he obtains credit, either alone or jointly, to the extent of £10 or upwards, whether fraudulently or not, without disclosing the fact that he is an undischarged bankrupt, and a person who is serving a term of penal servitude for treason or felony, or is under sentence of death, cannot make any contract until he has been liberated or pardoned.

Infants. Under the Infants Relief Act, 1874, an infant's contract is absolutely void if made (1) for the repayment by him of money lent or to be lent; (2) in respect of the supply of goods other than necessaries (see *post*), (3) on an account stated, that is, an admission of liability for money due; and no action can be brought whereby to charge any person upon any promise made after full age to pay any debt contracted during infancy, or upon any ratification made after full age of any promise or contract made during infancy, whether there is or is not any new consideration for such promise or ratification after full age. This Act, however, does not avoid any contract which an infant may make under statutory authority or by the rules of common law or equity. It will not, therefore, affect certain marriage settlements, or membership of trade unions, building societies, and friendly societies, or contracts of agency.

A later statute, the Betting and Loans (Infants) Act, 1892, provides that a contract made after full age for the repayment of a loan contracted during infancy is absolutely void. The effect of these Acts is that any contract involving the payment of money by an infant will be absolutely void as against him, unless it is made in respect of what the law deems to be "necessaries," and it may also be observed that an infant cannot be made liable upon a bill of exchange or promissory note, even although given for the price of necessaries. It is quite immaterial that the creditor was ignorant of the fact of infancy, or even that the infant deliberately represented himself to be of full age; such a fraud may subject the infant to the pains of the criminal law, or may enable the other party to avoid the contract, but it cannot render the infant liable thereon, save in so far as the contract was for necessaries. A person deals with an infant at his peril, and once infancy has been pleaded and proved, a plaintiff can only recover by satisfying the court that the articles in respect of which he claims were in fact necessaries.

It is useless to attempt any inclusive definition of the term "necessaries,"—when used in a somewhat different connection it has been defined by the Sale of Goods Act, 1893, as meaning goods suitable to the debtor's condition in life and to his actual requirements at the time, and in the main that is a fairly good working description. But the question as to whether the subject-matter of a contract is a necessary for the particular infant must be decided on the circumstances of each case. First, the judge has to decide whether the subject-matter can be necessaries at all, and then the jury, or the judge sitting alone and acting as a jury, have to say whether in the particular circumstances the articles were necessaries when the contract was entered into. In a well-known case, *Peters v. Fleming*, 6 M. & W.

47, the rule was stated as follows: "All such articles as are purely ornamental are not necessary, and are to be rejected, because they cannot be requisite for anyone, and for such matters, therefore, an infant cannot be held responsible. But if they are not strictly of this designation, then the question arises whether they were bought for the necessary use of the party, in order to maintain himself properly in the degree, state, and station of life in which he moved; if they were, for such articles the infant may be responsible." It is a complete answer to a claim in respect of necessaries to show that at the time of sale and delivery the infant was already sufficiently supplied with such articles, even though that fact was unknown to the seller. If an infant is married, he is as liable for necessaries supplied to his wife or children as he is for such supplied to him personally. Where an infant resides with his parent or guardian, his personal liability for necessaries will not arise unless the plaintiff proves that credit was expressly given to the infant, for in such a case the law presumes that credit was given to the parent or guardian rather than to the infant. A parent or guardian, however, is not liable for debts contracted by an infant without his authority. (See *AGENCY*.)

Closely akin to the law as to necessaries is the rule that an infant may be bound by a contract which is clearly for his benefit, such as one of service or of apprenticeship. An infant may be a partner, but he cannot be made personally liable for the debts of the firm. He may repudiate and dissolve the partnership on attaining full age, but if he does not do so within a reasonable time, he will incur full liability as a partner. (See also *PARTNERSHIP*.)

An adult who contracts with an infant will be bound by the contract, if the infant exercises his option to enforce it. An exception to the general rule, as to the incapacity of an infant to bind himself by a contract exists in respect of the marriage contract. A male may contract a valid marriage at the age of fourteen years, and a female at the age of twelve years. A promise to marry made by an infant is not binding upon him or her.

A person attains full age at the close of the day before the twenty-first anniversary of birth, and, owing to the law not taking cognisance of fractions of a day, the incapacity of infancy ceases on the first moment of that day; thus a person born on January 1st, 1900, is capable of contracting at any time on December 31st, 1920. The Sovereign of this country, it may be noted, is deemed to attain full age at the age of eighteen years. (See also *INFANT*.)

Married Women. The law as to the contractual capacity of a married woman has been much simplified of recent years, and now it may be said that a married woman can enter into contracts just as freely as an unmarried one. But the person contracting with a married woman must always remember that if the latter breaks the contract, there is no personal remedy against her. She is deemed to contract solely with respect to her "separate property," and if she has no separate property to answer the claim the creditor has no means of enforcing his demand. By separate property is meant any property, of whatsoever nature, over which the married woman has full control and can do as she likes with; but if the property is in the hands of trustees, with a restraint upon anticipation, it cannot be touched by the creditor,

unless he can manage to get hold of the income after it has been paid over or appropriated to the married woman by her trustees. This restraint may be removed, wholly or in part, if a married woman is made bankrupt, which she may be if trading either alone or in partnership with some other person.

A wife may contract with her husband in respect of her separate property. While husband and wife are living together, the wife has an implied authority, which may be expressly negatived by the husband, to bind her husband by contracts for necessaries for herself and the family and household, and even if living apart, owing to no fault of the wife's, she may bind him for necessaries, unless he duly maintains her, or she has a sufficient maintenance from some other source. (See HUSBAND AND WIFE, MARRIED WOMEN'S PROPERTY ACT.)

Lunatics. Unsoundness of mind or lunacy only affects contractual capacity to a limited extent. A lunatic is liable on contracts for necessaries, provided no advantage has been taken of his mental incapacity, and will be liable on other contracts unless the court is satisfied that the other party knew of his mental condition at the time the contract was made. During a brief interval a lunatic may make a valid contract, and may then, after complete recovery, confirm a contract made by him while insane.

Drunkards. A drunken person is in much the same position as regards contractual capacity as a lunatic. If he enters into a contract when he is so drunk as not to know what he is doing, he may avoid it on showing that his condition was known to the other party at the time when the contract was made. By Section 2 of the Sale of Goods Act, 1893, it is provided that where necessaries are sold and delivered to an infant, or minor, or to a person who by reason of mental incapacity or drunkenness is incompetent to contract, he must pay a reasonable price therefor, and necessaries, as the term is there used, means goods suitable to the condition in life of such infant or minor or other person, and to his actual requirements at the time of the sale and delivery.

Duress. A person is said to act under duress when compelled to do something by fear of personal suffering or unlawful confinement. Mere threats of legal proceedings do not, as a rule, constitute duress, though they may do so if uttered under such circumstances that they do in fact cause real terror in the particular case. A contract obtained by duress is voidable at the option of the intimidated person, but if such person voluntarily acts upon the contract it will become binding upon him. As to contracts obtained by undue influence, see CATCHING AND UNDERHAND PARGAIN and DEED OF GIFT.

Aliens. An alien or foreigner may contract in this country, and will be subject to our law, except that (1) if the subject matter of the contract is land or immovable property in a foreign country, the contract will be governed by the law of that country, and (2) while this country is at war with the State to which the foreigner belongs, no contract can be made with him, and any contract made before the war will be suspended during the continuance of the war. The Crown, however, may grant a licence to trade with alien enemies, and special legislation may provide for exceptional cases (as during the Great War of 1914-1918). Foreign States and Sovereigns, and their ambassadors, and the members and officials of the ambassadors'

households and *entourage*, may enter into contracts with British subjects, but they cannot be sued in the courts of this country without their consent. In no case, however, can an alien enter into any contract as to a British ship. (See ALIEN, AMBASSADOR.)

Corporations. The capacity of a corporation or joint stock company to contract depends upon the purposes for which it was formed, as stated in the statute, charter, or memorandum of association under which it was constituted, and it can make only such contracts as are necessary and proper for the due furtherance of those purposes. A contract made in excess of those powers is said to be *ultra vires*, and is void. Voluntary societies and clubs which are not incorporated, and so have no legal entity, cannot contract as such. The affairs of such a society are generally entrusted to a committee, who have power to enter into a contract in their own names and to bind the funds of the society, but not to bind the members individually.

As a general rule, anyone supplying goods to, or doing work for, such an association can only sue the person or persons who actually gave the order, or who authorised its being given. (See ASSOCIATION, CLUBS.)

Offer and Acceptance. To establish a contract it is always necessary that there should be a direct offer by the one party and a direct and unconditional acceptance of that offer by the other party. If an acceptance is in any way conditional or introduces any new term or stipulation, it, in turn, becomes an offer, and there is no concluded contract until such last-mentioned offer has been itself directly and unconditionally accepted. This offer and acceptance may be made in writing or verbally, when the contract is said to be "express," or may be inferred from the conduct of the parties, when the contract is said to be "implied." Care should be taken to distinguish between an offer and a mere declaration of willingness to make or receive an offer. Thus, an advertisement that a sale will be held on a certain date, is not an offer so as to entitle any person to claim damages if the sale is not held, nor is an advertisement asking for tenders an offer to sell to or buy from the person who sends the highest or lowest tender.

The principal rules as to offer may be stated as follows.

(1) An offer may be made to one person or to certain persons or to the public generally (see *ante*).

(2) The offeror may attach any terms and conditions he pleases to his offer, but they must be stated, for an acceptor will be bound only by the terms made known to him. A good example of this is found in an ordinary railway ticket, for conditions of issue printed on the back of the ticket, or in the time-table will not bind a passenger unless there are words on the face of the ticket directing his notice to the conditions, e.g., "see back" or "subject to conditions in time-table."

(3) An offer may be withdrawn or revoked at any time before it has been accepted, provided that the withdrawal is communicated to the person to whom the offer was made. Such communication may be either by express notice, or by the offeror doing something to the knowledge of the other person, which is inconsistent with the continuance of the offer.

(4) An offer not so withdrawn remains open during a reasonable time from the making thereof.

(5) An offer made by telegraph is an indication that a prompt reply is expected. An offer made through the post should, as a rule, be accepted by return of post, or by a letter posted on the day on which the offer was received.

The leading rules as to acceptance are—

(1) An acceptance must be absolute and unconditional, and be made in the manner and form prescribed by the offer.

(2) It must be made within the prescribed time, or, if none has been fixed by the offer, within a reasonable time.

(3) If the offer was made to a particular person, it can only be accepted by that person.

(4) The acceptance must be communicated to the offeror while the offer is open. Such communication may be express, or by the acceptor doing some act which is only consistent with a previous acceptance of the offer.

(5) An acceptance may be withdrawn at any time before it has been communicated to the offeror. But when once the acceptance has been communicated, the contract is complete.

Contracts made through the Post. Where contracts are made through the post, the post office is deemed to be the agent of the person who first makes use of that medium of communication, that is, generally, of the offeror. Therefore, the acceptance of an offer made through the post is complete as soon as a properly addressed letter of acceptance is posted, and the offeror is bound from the time at which it was posted, notwithstanding that it is delayed in transit or lost. A letter of revocation sent by post is not operative until it is received by the person to whom the offer was made, and if he has posted his acceptance before such receipt there is a complete contract between the parties, which is not affected by the subsequent coming to hand of the revocation. Contracts made by telegram are in a similar position, with the addition that neither party is bound by any error in the transmission of his telegram, and it appears that the Government is free from all blame if a telegram is incorrectly worded and despatched by its officials.

Consideration. A contract under seal is good, even though made without any return or equivalent on one side for the promise on the other. But no simple contract is valid unless it is supported by what is known as a "consideration," and this consideration must be something of value, however slight. The existence of writing does not dispense with the need for consideration, and if the contract is made in writing the nature of the consideration must be stated in the note or memorandum, unless the contract is one of guarantee, and then the consideration can be proved orally. The whole subject of CONSIDERATION is dealt with at length in a separate article.

Legality. The object of a contract must be lawful, for the law will not lend its aid to enforce an agreement that is opposed to the interests of the public or of morality, or is contrary to the express provision of an Act of Parliament. An agreement to commit a crime is void, and so is one entered into for the purpose of committing a fraud upon an individual or on the public (see *fraud*), or of subjecting any third person to some civil injury, by which is meant a wrong for which damages may be claimed in an action. (See *DAMAGES*.) Among agreements that are void as being contrary to public policy are trading agreements with alien

enemies (see *ante*), agreements which tend to interfere with the freedom of elections, whether Parliamentary or municipal, trafficking in titles and public appointments, certain agreements between master and servant (*q.v.*), agreements in general restraint of marriage, gaming and wagering contracts (*q.v.*), agreements tending to affect the proper administration of justice, agreements made upon an immoral consideration or for an immoral purpose, agreements in restraint of trade (*q.v.*), and stipulations in a contract for the payment of penalties on the breach thereof. (See *DAMAGES*.)

In many cases, agreements for certain purposes are absolutely prohibited by Act of Parliament, and any contract made in defiance of the prohibition will, of course, be void. The following may be mentioned: Agreements with workmen for payment of their wages otherwise than in money (see *MASTER AND SERVANT* and *TRUCK ACTS*), the sale of any public office, simoniacal contracts, or such as involve the sale or corrupt dealing with presentations to ecclesiastical benefices; lotteries (see *GAMING AND WAGERING*); and certain contracts made on Sunday (See *SUNDAY TRADING*).

Other Acts of Parliament, while not directly forbidding the making of a contract, declare that any contract of a certain nature shall have no legal effect and be void. Such are contracts by way of gaming and wagering (*q.v.*); certain contracts with infants (see *ante*); insurance contracts, where the party for whose benefit the insurance is made has no insurable interest (see *INSURANCE*); and contracts preventing persons from taking the benefits of certain Acts of Parliament. In addition, many trades and professions are regulated by statute, and can only be carried on in compliance with the statutory requirements. A party to an unlawful agreement, who has paid money to the other party for the purposes of the agreement, may recover the money, so long as the contract remains executory (see *ante*), but after the illegal purpose has been carried out, or a substantial part of the contract has been performed, it will, in most cases, be too late to obtain repayment.

Possibility. An agreement is void if the performance of it is either impossible in itself, or is, or becomes, impossible by the operation of the law. As regards legal impossibility, it is only necessary to say that if, after a contract has been entered into, an Act of Parliament renders it impossible for a party to perform his promise, either because the statute has expressly forbidden such performance, or has created a state of affairs rendering the performance impossible, the party is discharged from liability upon the contract, the presumption being that parties intend to contract with reference to the law as it stands at the time the contract is made. Impossibility of this nature may be instanced in a case where a person contracted not to allow any building to be erected upon a certain piece of land. Subsequently, a railway company purchased the land under their compulsory powers and built a station upon it, which, it was held, discharged the promisor.

In other cases, the law as to possibility depends on the nature of the contract—if the thing contracted to be done is absolutely impossible *ab initio*, or is such that reasonable men in the position of the parties must have treated it as impossible, the contract will be void on the ground that there was no real intention of contracting. In such a category would be placed a contract to make a river run up

hill, or to construct a machine with perpetual motion. But a thing will not be deemed impossible merely because it has never been done or is extremely difficult; if the thing contracted for is such that it could be within the serious contemplation of a reasonable man that it can somehow be done, the contracting person will be bound by his contract. A man may be bound by his undertaking to fly from London to New York, but not by one to fly to the moon. It is true that no one has yet succeeded in doing the first, but with improved machines, etc., such a flight may be within the bounds of possibility, while the latter is on scientific grounds impossible. Impossibility, it has been said, may consist either in the nature of the action in itself, or in the particular circumstances of the promisor. It is only the first or objective kind of impossibility that is recognised as such by law. The second or subjective kind cannot be relied on by the promisor for any purpose, and does not release him from the ordinary consequences of non-performance of his contract. Where from the nature of the contract it is apparent that the parties contracted on the basis of the continued existence of a specific chattel or a particular person, performance is excused if the chattel or person ceases to exist before the date of performance arrives without default of the promisor. Thus, if a person agrees to sell a specific chattel on a future day, and before that day the chattel is destroyed by fire, he is excused from liability on his contract. But the purchaser of a specific chattel, the property in which passes to him at the time of sale, will be bound to pay for it, even though it is destroyed by fire or other accident, for which the seller is not responsible, before the time for delivery arrives. If the subject matter of a contract has, unknown to the parties, ceased to exist when the contract is made, the contract will be void.

• **Mistake.** Liability on a contract may be avoided by showing that the contractor entered into it under a false impression or belief as to the nature or terms or object of the agreement. If such an error or ignorance was not caused by the act of the other party to the contract, it is called Mistake. If it was caused by the act of the other party without any wrongful intention it is called Misrepresentation, if with a wrongful intention, it is termed Fraud. It is not every mistake that will avoid a contract; a mistake of law can never do so, for as everyone is assumed to know the law the rule is *Ignorantia juris neminem excusat* ("Ignorance of the law excuses no man"), and a mistake of fact is only sufficient to do so when it is either (1) a mistake as to the nature or terms of the contract, as where a blind or illiterate person signs an agreement in reliance on erroneous information given by some third person as to its contents or effect; (2) a mistake as to the identity of the other party to the contract, as where A, intending to contract with B, makes an agreement with C, whom he mistakes for B; if, however, the contract is of such a nature that the identity of the party is really immaterial to the due performance of the contract, a mere mistake as to identity will not necessarily affect the validity of the agreement, or (3) a mistake as to the existence or identity of the subject matter of the contract. A mistake as to the quality of goods contracted to be sold does not avoid the contract, unless the contract is conditional on the goods being of a certain quality, but if an article is sold and bought under an

erroneous impression of both parties that it is something quite different from what it really is, the contract will be void, as where a picture is *bona fide* sold and bought as being an original Turner, and it is subsequently found to be a copy. Where a mistake has been made in reducing the terms of a contract into writing, the court may order the document to be rectified on being satisfied that it does not express the true intentions of the parties.

Money paid under a mistake of fact may be recovered, but not money paid under a mistake of law, or under an order or judgment of a court of law, or in settlement or compromise of a disputed claim. In order, however, to make a payment in pursuance of legal proceedings irrecoverable, the proceedings must have been *bona fide* on the part of the plaintiff. (See also MISTAKE IN PAYMENT.)

• **Misrepresentation.** In order that misrepresentation may be a ground for setting aside a contract, it must be shown that a false statement of fact was made by one party, which induced the other party to enter into the contract. A misrepresentation does not of itself avoid a contract, but only gives the aggrieved party an option to repudiate his liability and have the contract rescinded, or in some cases to bring an action for damages. (See also WARRANTIES AND CONDITIONS.) A mere expression of opinion, or even an exaggerated praise of the subject matter, does not amount to misrepresentation. The rule is that a purchaser, or any person about to enter into a contract, ought to see what it is he is purchasing or contracting about, and if he fails to make inquiries, or to examine the article, or to take such steps for his own protection as would be expected from a reasonable man, he has, in most cases, only himself to blame if his purchase or contract turns out to be less favourable than he anticipated it would be. But where there is a definite statement of fact made, even innocently, by one party, which turns out to be inaccurate, and the other party, taking the ordinary precautions of a reasonable man, enters into the contract without detecting the inaccuracy, and in reliance upon the fact being as stated, he can on discovering the misrepresentation claim to be put in the same position, so far as possible, as if the statement had been true. (See also CAVEAT EMPTOR.)

• **Fraud.** Fraud exists when one party makes a false statement of a material fact, with a full knowledge of its falsity, or without belief in its truth, or recklessly, not caring whether it is true or false, with the object of inducing another to enter into a contract. A party who, relying on a fraudulent statement, enters into a contract and is damaged thereby may either insist on the contract being carried out and bring an action for damages in respect of the fraud, or may avoid the contract, except where performance has so far advanced that it is impossible for the original position of all parties, and of those claiming through them, to be restored, in which case the only remedy (apart from criminal proceedings) is for damages. As to the liability of company promoters and directors for fraudulent misrepresentation, see COMPANIES, DIRECTORS, PROMOTERS.

• **Rights and Liabilities.** Every valid contract imposes rights and obligations on the parties, which they may enforce, or have enforced against them, in a court of law. Only a party to a contract can bring an action in respect of it, and his right is confined to proceedings against another

party. Even though a contract is expressed to be made for the benefit of a third person, that person cannot enforce it unless he is a party. To support an action of contract there must be "privity of contract" between the plaintiff and defendant. There are sometimes said to be two exceptions to this rule, namely, that where a contract is made by an agent (see AGENCY) the principal may enforce it or be made liable upon it, and that a contract made by a trustee may be enforced by the *cestui que trust* (*qv*). But these are not real exceptions, since in the first case by the law of agency the principal steps into the place of the agent, and is, in reality, a party to the contract, and, in the other, what the court does is not so much to allow the *cestui que trust* to sue on the contract as to compel the trustee to carry it out or to appoint some person to act in default of the trustee.

Assignment. A contract, however, may be assigned, *i.e.*, either the liabilities imposed or the benefit given thereby may be transferred to a third person, with this qualification, that as a general rule a party cannot assign his liability without the other party's consent. If this assent is given, there is, in effect, a new contract or "novation" (*qv*) created between the continuing party and the third person, and, strictly, the transfer of liability is not an assignment at all.

A transfer of the rights under or of the benefit of a contract may be effected by the act of a party, or by operation of law. Of the first class of assignments, it is only necessary here to mention that a debt or other legal *chose in action* (*qv*) may now be transferred by an absolute assignment in writing, of which express notice in writing must be given to the debtor or person liable, so as to entitle the transferee to sue in his own name to enforce the rights which the assignor had against the debtor or person liable. (See also ASSIGNMENT.) A contract for personal service is not assignable, but moneys due under such a contract may be assigned. In no case can a right be assigned when the effect of the assignment will be to impose a greater liability upon the other party to a contract, and in a few other cases assignment is prohibited by statute, generally upon the ground that it would be against public policy to permit assignment of the particular contract.

Assignment by operation of law takes place (1) on the death of a party, when, if the contract is not of a personal nature and is executory, the personal representative of the deceased takes his position, (2) on the bankruptcy (*qv*) of a party, when in certain cases the rights and obligations of the bankrupt pass to his trustee, subject to the latter's right to disclaim onerous contracts, (3) in the case of certain contracts connected with land, on the transfer of the land. As to negotiability, see the article under that heading. Though a stranger to a contract is not bound thereby, he will be liable in an action of tort (*qv*) if he wrongfully induces a party to break the contract.

Interpretation. The exact rights and obligations of the parties to a contract depend upon the nature of the contract, or the construction of the document which contains its terms, and when a difference arises it is the duty of the tribunal to ascertain the rights and obligations by the application of well-recognised rules, the principal of which may be shortly stated as follows—

(1) The construction must be reasonable according to the intention of the parties. Thus, on a contract

for the loan of an animal, it will be deemed to be part of the agreement that the borrower shall feed it during the time it is in his possession, unless it is plainly shown that such was not the intention.

(2) It must be favourable. The law supports a contract whenever possible, and if a contract is capable of two constructions, one of which will destroy the contract as being illegal, and the other makes it lawful, the latter should be accepted.

(3) It must be liberal, *e.g.*, words importing the masculine gender may often be construed as including females.

(4) Words are to be understood in their ordinary and popular sense. To this rule there are two exceptions: if it is found that a word was used by the parties in a technical sense, other than the ordinary sense, the word will be construed in that technical sense, and when the contract itself shows that a word was intended by the parties to have a special meaning, such a meaning will be given to it.

(5) The whole contract must be considered in order to ascertain the meaning of any particular part.

(6) The words of a contract must be construed most strongly against the grantor or contractor.

(7) Parol evidence may be admitted to explain a latent, though not a patent, ambiguity in a written contract, but not to vary or contradict the document.

Performance. The liability of a person upon a contract may be put an end to either by performance, or by showing some lawful excuse for non-performance. By performance is meant the complete fulfilment of all a party has agreed to do. As a rule, the performance must be effected by the promisor himself, but if the contract is of such a nature as to call for no personal skill, or not to involve any personal confidence, the promisor may either perform his promise personally or by a nominee. For example, if a doctor contracts to perform an operation he is not absolved by sending another doctor to do it, but a stationer who agrees to deliver newspapers daily is not necessarily compelled to take them out himself; he may arrange with another newsagent to do so, and due performance by the latter will discharge the former. When two or more persons have made a joint promise each of them is liable upon the contract, and performance by one discharges them all, and the one is entitled to make each of the others repay him their share of the debt or liability.

If the contract fixes a time for performance, that time must be adhered to, if no time is fixed, each party must perform his part within what is a reasonable time having regard to the particular contract. Sometimes a contract stipulates that time is to be of the essence of the contract, which means that a party will not be discharged unless he can show that he offered performance, or was ready and willing to perform his part, at the prescribed time. In many mercantile contracts stipulations as to time are regarded as being essential, unless the contrary intention appears, but stipulations as to the time of payment in contracts for the sale of goods (*qv*) are not considered to be of the essence of the contract unless a contrary intention appears.

The mode of performance depends very much upon the contract, the broad rule being that the promisor must fulfil his promise in the way prescribed, and may not substitute something of equal

or even greater advantage to the promisee. If, however, there are several ways in which a contract can be performed, the promisor may select the one least burdensome to himself. Thus, if A undertakes to send a parcel from London to Paris, and no route is prescribed, he may send it *via* Dover and Calais, Newhaven and Dieppe, Folkestone and Boulogne, or by any other recognised route; but he would not be entitled to send it by a roundabout and much longer, even though cheaper, route. When a contract is in the alternative, the rule, unless there is anything stated to the contrary, is that the party who has to do the first act may elect which of the alternatives he will perform. If one of the alternatives is incapable of being performed, the promisor is bound to perform the other, unless on the true construction of the terms of the contract it appears that the intention was that if one of the things contracted for afterwards became impossible the promisor was to be discharged.

If the place for performance is not specified, or is not capable of being deduced from the nature of the contract, the general rule is that the promisor must seek the promisee and perform the contract wherever the latter may happen to be. Rent, however, is payable on the premises in respect of which it is due, unless there is an express covenant to pay, when the tenant must seek his landlord.

Payment. Where the performance of a contract consists in the payment of money, mere readiness and willingness to pay is not sufficient. The debtor must either hand over or tender the money to his creditor. Primarily, a creditor must offer the exact sum due in legal tender, that is, either in current gold coin or Treasury notes or in Bank of England notes for any sum exceeding £5, in current silver coin for a sum not exceeding 40s, and in current bronze coin for not more than a shilling. Of course, payment may be in kind, as by delivery of goods, or by a *contra* account, or by means of a negotiable instrument, if the creditor agrees to take such in satisfaction of the debt. Where a negotiable instrument, such as a cheque, is given in payment, the general presumption is that it is conditional payment only, and that if it is dishonoured the original liability on the contract is revived, unless the creditor elects to sue on the instrument. The posting of a negotiable instrument or of money which is lost in the post does not amount to payment unless the creditor has requested that payment should be made by post. Such a request should be express; it will not necessarily be implied from the usual course of business between the parties. In *Perinington v. Crossley*, 77 L.T. 43, the defendant had for many years purchased goods from the plaintiff, and had posted cheques in payment, without the plaintiff making any objection. When a cheque was lost, the Court of Appeal held that the accustomed practice did not infer a request for payment in that manner so as to throw the loss of the cheque upon the creditor.

The payment of a smaller sum of money will not discharge a debt of a larger amount, but the giving and acceptance of something other than money, however small its value, may operate as a full satisfaction. (See ACCORD AND SATISFACTION.)

Appropriation. If a debtor owes several distinct debts to his creditor and makes payment of a sum which is insufficient fully to discharge all the debts, it is often important to know to which debt the payment is to be appropriated.

The rules for appropriation of payments are—

(1) The debtor has the first right to designate the particular debt to which the payment is to be applied.

(2) If the debtor does not exercise this right at the time he pays the money, the creditor may appropriate to any item he pleases.

(3) If neither party appropriates, the presumption is that the payment is made in discharge of debt in their order of date, the first item on the debit side of the account being the item discharged or reduced by the first item on the credit side. When the creditor exercises his right of appropriation, he may so discharge a debt the recovery of which is barred by lapse of time (see *post*), or which is irrecoverable by reason of some defect in the form of the contract, e.g., want of writing; but he cannot appropriate to an illegal debt. As to receipts for money, and the necessity for stamping, see RECEIPTS.

Excuses for Non-Performance. In discussing the essentials to the validity of a contract, we have already dealt with a number of matters which may be effectively raised as excuses for the non-performance by a party of what he has in form undertaken to do. Other excuses are tender, rescission, waiver, and failure of a condition.

By tender is meant an unconditional offer of performance in accordance with the terms of the promise, and under such circumstances that the promisee has a reasonable opportunity of examining the goods or money tendered, in order to ascertain that they are correct. The expression is mainly applied to the offer of a money payment, in which case the tender must be in the prescribed coin or notes (see *ante*), and there should be an actual production of the money and of the precise amount. Tender of a larger amount will be a good tender; the debtor does not require change; and, if the creditor clearly signifies that he will refuse to accept tender, actual production of the money may be dispensed with.

Rescission takes place when a contract is set aside, either by the judgment of a court or by the consent of the parties. Rescission frequently depends on the substitution of a new contract between the parties. If a contract is discharged by a new party undertaking the obligations of the contract with the consent of the promisee, it is called novation (*qv*).

Waiver occurs when one party agrees to give up his right to claim performance of a contract, or of a particular term of a contract. A contract may contain a conditional promise, the liability to perform which depends upon the happening or non-happening of some future event. When liability is only to arise on the happening of the contingency the condition is called a condition precedent, and when liability is to cease on such happening, a condition subsequent. If a condition precedent does not happen, the promisee cannot be called upon to perform; if a condition subsequent happens the promisee's liability on the contract is discharged. (See also WARRANTIES AND CONDITIONS. As to the discharge of a written contract by material alteration, see AGREEMENT, DEED.)

Breach of Contract. When a promisor fails to perform his obligation in the proper manner the contract is said to be broken, and to be thereby discharged or put an end to, and in its place the promisee obtains a right of action for damages either alone or in conjunction with other remedies (see *post*). If before the time fixed for performance

the promisor voluntarily disables himself from performing his promise, or intimates that he does not intend to perform it when the time comes, the promisee is entitled to treat the contract as broken, and at once to commence an action for damages for breach of contract, and he will be released from any further performance of his part of the contract. The disability of the promisor need not necessarily be permanent; thus, if A agrees for the sale of goods to B, and then sells them to C, B may bring his action against A, though it is possible for A to buy back the goods from C before the date arrives for the sale to B to be completed by delivery. A mere partial refusal to perform a contract does not necessarily entitle the other party to consider the contract as repudiated; there must be a refusal to perform something which goes to the root of the contract, and whether the refusal amounts to this or not will depend on the construction of the contract by the court. This question frequently arises in connection with contracts for the sale of goods by instalments, which are to be separately paid for; and if the seller makes defective deliveries of one or more instalments, or the buyer refuses to take delivery or to pay, the court has to determine whether the breach amounts to a repudiation of the whole contract, or must be considered as only relating to the particular delivery or payment in question. If the contract is a divisible one, non-performance of a particular portion will not amount to a total discharge; but if the contract is of such a nature that the particular breach so affects the whole as to make it clear that the defaulting party does not intend to fulfil his general engagements, the breach will amount to a discharge of the entire contract.

Remedies. The remedies for breach of contract are an action for damages (*q.v.*), specific performance (*q.v.*), and injunction (*q.v.*). In addition to the amount which may be recovered as damages, a successful plaintiff in an action to recover a debt or a sum certain may be awarded interest thereon, if the debt and sum was payable under a written instrument, or if when demanding payment he had given notice that interest would be claimed. Payment of interest is also provided for in some special cases, *e.g.*, on overdue Bills of Exchange and Promissory Notes (*q.v.*). The remedies of specific performance and injunction are seldom allowed in mercantile cases, damages generally providing a sufficient compensation for the injury done. (See also **SALE OF GOODS**.)

The right of action arising on a breach of contract may be discharged in much the same way as the contract itself, namely, by agreement, payment, or release, and may be rendered ineffective by lapse of time. When an agreement made after breach provides for the acceptance by the promisee of something other than his remedy by action, and has a valuable consideration (see **CONSIDERATION**), it is called "accord and satisfaction" (*q.v.*), and amounts to a new contract between the parties which discharges the original cause of action.

Lapse of Time. By the provisions of the Statutes of Limitation, a right of action for breach of contract is barred if it be not exercised within six years from the breach in the case of a simple contract, or within twenty years in the case of a contract under seal. If the person entitled to sue is under disability, *e.g.*, an infant or insane, or is beyond the seas, when the cause of action arises, the limitation

will be extended to run from the time of attaining full age, recovering his senses, or return to this country, as the case may be. If knowledge of his right to sue is fraudulently kept from a person, the statutes do not begin to run until he discovers the fraud; and, as regards a claim against a trustee for breach of trust, the statutes only operate as from the time when the injured person has knowledge of the breach of trust, or would have become aware of it if he had made reasonable inquiries.

A debt, however, may be kept alive by part payment, or by payment of interest, or by the debtor giving a written acknowledgment, under his or his agent's signature, of his liability to pay, in such terms as will enable the court to infer a distinct and unconditional promise to pay the whole debt. The period of six, or twenty, years, as the case may be, will begin to run afresh from the date of the payment or acknowledgment. Where there are two or more joint debtors, the statutes run against each separately, and an acknowledgment by one will not prevent the statutes operating in favour of the other.

CONTRACT ACCOUNTS.—These are accounts which are kept in the books of account of a contractor, and are so written up as to show the result (whether profit or loss) arising out of the carrying through of a contract, or some special work. In fact, the Contract Accounts are actual profit and loss accounts in themselves, the balances, representing either profit or loss, being taken to a general profit and loss account, either on completion of the contract or when final accounts for a period are being prepared.

It follows, therefore, that the system of accounts requires to be so organised that the various purchases and expenses directly affecting a contract can be so allocated that they may be charged to the contract account. This is done by analysis in the case of purchases made solely for contract purposes, and for wages and expenses incurred. In the case, however, of general purchases, these are taken into stock, and withdrawals from stock are all accounted for by means of the use of requisition notes, on which are entered the materials required and the contract or work to which they are chargeable. Wages and other expenses are dissected at the time of payment and passed through the cash book, being posted direct therefrom to the debit of the contract account. The treatment of plant and machinery used in connection with contracts demands special attention, the object being to charge the contract with the depreciation necessarily incurred on the asset by its use on the work. Probably the best method of dealing with this is to debit the contract account with the value of the plant and machinery sent on the spot, and, in the case of using existing plant and machinery, to credit the plant and machinery account; but where special machinery is purchased solely for the contract, to credit the personal account of the firm or firms from whom it is purchased. On the completion of the contract, the value of the plant and machinery is credited to the contract account, either at a re-valuation figure, or by depreciating it at a percentage, and again debited to the plant and machinery account. In the case of taking profit or loss to a certain date on an uncompleted contract, the amount representing the value of plant and machinery would be carried down. In large contracts, especially where the work is some distance away, the plant and machinery are simply realised on completion of the

work, and the amount received credited to the account.

During the progress of the work, cash received on account or due is credited to the account—in the latter case a personal account being debited. In the case of dealing with uncompleted contracts at date of balancing the books, the value of the work done, but not yet due, requires also to be taken into account.

When taking credit for profit on uncompleted contracts, it is always advisable not to take the whole amount which may appear to be profit to date into account, it being wise to adopt a conservative policy in this case, and so leave a margin for future contingencies of an adverse nature which may arise in the course of further work.

The account below, showing the dealing with a contract both in an uncompleted and in a completed state, exemplifies the foregoing.

In the balance sheet of a firm closing its books and having contracts in progress, they are shown as follows—

Assets.

Uncompleted Contracts, with profit to date...	£28,300	•	•
Less Cash received on account	20,000	•	•
	<u>£8,300</u>		

CONTRACTING OUT.—Whenever an Act of Parliament was passed which contained provisions of a character which were thought oppressive or likely to inflict a loss upon one of the parties to a contract, it was the common practice for those persons who thought that they were likely to be adversely affected to enter into special contracts by which the provisions of the particular Act were nullified. This was known as "contracting out." To prevent this course being adopted, it has become the common practice in recent times to insert clauses in Acts of special public importance by

which contracting out is forbidden. One of the most recent instances of this is connected with the Workmen's Compensation Act. No special contract can be made by a workman with his employer which shall have the effect of depriving a workman of the compensation awarded by that Act.

CONTRACT NOTES.—Sometimes called Bought and Sold Notes. When a broker concludes a contract on behalf of other persons he enters particulars of the transaction in his contract book, and from these he prepares documents containing a short record of the matter, which are signed by the broker and sent to the buyer and seller respectively. If the broker has been employed by both parties, a signed memorandum in his book is sufficient evidence of the contract, and then the fact that the bought and sold notes sent to the parties contain errors and do not agree is immaterial; but if the broker does not make an entry in his book, the contract must be made out from the bought and sold notes, and if they disagree in any material particular there is no contract. If a broker acts for one party only, the contract is formed by the note he sends to the other party, if the latter accepts it as correct, and the one sent by the broker to his own client has no legal effect as regards the other party. A material alteration in a sale note by the broker, made at the instance of the seller without the consent of the buyer, will prevent the seller recovering, and the buyer if he procures an alteration in his note, will be in a like position.

When a broker effects a purchase or sale of stock or shares on behalf of a client, he has to render to his client a contract note setting forth the price at which he bought or sold the stock. It is usual for this contract to indicate, in addition to the price that has to be paid or received for the stock, the broker's commission and any other charges that have to be borne by the client. The wording of a typical contract is shown on page 436.

Contract No. 100

Hotel at Brightsea, £50,000.

Dr				Cr.			
	£	s	d		£	s	d
Plant and Machinery ..	1,800	0	0	By Cash ..	20,000	0	0
Materials ..	10,000	0	0	„ Work certified for, but not paid ..	6,500	0	0
Wages ..	15,000	0	0	„ Estimated value of work not yet certified for ..	800	0	0
Sundry Expenses ..	850	0	0	„ Plant and Machinery ..	1,620	0	0
Balance—estimated profit to date:							
Profit and Loss Account ..	650	0	0				
Reserve ..	620	0	0				
	<u>£28,920</u>	<u>0</u>	<u>0</u>		<u>£28,920</u>	<u>0</u>	<u>0</u>
	£	s	d		£	s	d
Plant and Machinery ..	b/d	1,620	0	By proportion of estimated profit reserved ..	620	0	0
Work certified for, but not paid ..	b/d	6,500	0	„ Cash ..	10,000	0	0
„ Work in progress ..	b/d	800	0	„ „ ..	10,000	0	0
„ Materials ..	5,280	0	0	„ „ ..	10,000	0	0
„ Wages ..	12,000	0	0	„ Realisation of Plant and Machinery ..	950	0	0
„ Sundry Expenses ..	920	0	0				
„ Balance transferred to Profit and Loss Account ..	4,450	0	0				
	<u>£31,570</u>	<u>0</u>	<u>0</u>		<u>£31,570</u>	<u>0</u>	<u>0</u>

George Wilson & Jones.
10 Throgmorton Avenue
and the Stock Exchange, London, E.C.
To William Smith, Esq.

August 24th, 19..

We have this day bought as per your order,
subject to the Rules, Regulations, and Customs of
the London Stock Exchange—

	£	s.	d.
100 Union Cold Storage Ordinary Shares at 26s. 9d.	133	15	0
Brokerage at 3d. per share	1	5	0
Contract Note Stamp	0	1	0
Contract Stamp 1/-			
Examined	£135	1	0
Registration Fee, 2s 6d.			
Transfer Stamp, 15s.	0	17	6
	£135	18	6

• George Wilson & Jones,
Members of the London Stock Exchange.

For payment on August 31st, 19..

(The full names and addresses in which stock or
shares are to be registered should be furnished to
us at least three clear days before the settlement.)

All contract notes issued by a broker to his client
must have attached to them an adhesive contract
note stamp, the cost of which is charged to the
client.

In the example given, the contract note is one
for a purchase of shares. Had it been for the sale
of shares, no amounts would have been filled in
against the printed items "Registration Fee" and
"Transfer Stamp," the custom being that the buyer
in each transaction bears these charges.

A contract note which relates to the sale of goods
is exempt from stamp duty. The contract notes
which have reference to dealings in marketable
securities are stamped as follows—

Is	£	s.	d.
Is £5 and does not exceed £100	0	0	6
Is over £100 but does not exceed £300	0	1	0
" £500	"	0	2
" £1,000	"	0	3
" £1,500	"	0	4
" £2,500	"	0	6
" £5,000	"	0	8
" £7,500	"	0	10
" £10,000	"	0	12
" £12,500	"	0	14
" £15,000	"	0	16
" £17,500	"	0	18
" £20,000	"	1	0

Special adhesive stamps must be used.

Continuation notes are charged on one only of
the two transactions embraced. Option contract
notes are charged with half the above rates only,
unless the option is a double one. Contract notes
following duly stamped option contracts are
relieved from half the duty.

CONTRAYERVA.—The aromatic root of a plant
of tropical America. It was formerly much employed
in medicine as a cure for snake-bites, as a tonic, and
as a stimulant, but its use has greatly declined.

CONTRIBUTION.—When shares are taken in a
joint stock company, so long as any part of the
nominal price of the shares remains unpaid, the
shareholder is liable to be called upon to supply
the deficiency by means of regularly made calls

(*q.v.*). This matter becomes all important when a
company is wound up (see **WINDING-UP**), and the
payment of the various sums by the shareholders
is commonly known as contribution, the share-
holders being the contributories (*q.v.*). If the shares
are fully paid up, there can, of course, be no con-
tribution at all. Contribution only arises when
there is any portion of the nominal value of the
shares outstanding, and a shareholder may be liable
to pay this portion, even though he has transferred
his shares, for a period not exceeding one year after
the date of the transfer. (See **CONTRIBUTORIES**.)

CONTRIBUTORIES.—The general law as to con-
tributories, *i.e.*, the persons who are called upon to
make up the deficiency in the assets of a joint stock
company, is contained in Sections 123-128 of the
Companies (Consolidation) Act, 1908, which run as
follows—

"123. (1) In the event of a company being
wound up, every present and past member shall,
subject to the provision of this section, be liable
to contribute to the assets of the company to an
amount sufficient for payment of its debts and
liabilities, and the costs, charges, and expenses of
the winding up, and for the adjustment of the
rights of the contributories among themselves,
with the qualifications following (that is to say):

"(i) A past member shall not be liable to
contribute if he has ceased to be a member for
one year or upwards before the commencement
of the winding-up:

"(ii) A past member shall not be liable to
contribute in respect of any debt or liability
of the company contracted after he ceased to
be a member:

"(iii) A past member shall not be liable to
contribute unless it appears to the court that
the existing members are unable to satisfy the
contributions required to be made by them in
pursuance of this Act:

"(iv) In the case of a company limited by
shares, no contribution shall be required from
any member exceeding the amount, if any,
unpaid on the shares in respect of which he is
liable as a present or past member:

"(v) In the case of a company limited by
guarantee, no contribution shall be required
from any member exceeding the amount under-
taken to be contributed by him to the assets
of the company in the event of its being
wound up:

"(vi) Nothing in this Act shall invalidate any
provision contained in any policy of insurance
or other contract whereby the liability of
individual members on the policy or contract
is restricted, or whereby the funds of the com-
pany are alone made liable in respect of the
policy or contract:

"(vii) A sum due to any member of a com-
pany, in his character of a member, by way of
dividends, profits, or otherwise, shall not be
deemed to be a debt of the company, payable
to that member in a case of competition between
himself and any other creditor not a member
of the company; but any such sum may be
taken into account for the purpose of the final
adjustment of the rights of the contributories
among themselves.

"(2) In the winding-up of a limited company,
any director or manager, whether past or present,
whose liability is, in pursuance of this act,
unlimited shall, in addition to his liability (if

any) to contribute as an ordinary member, be liable to make a further contribution as if he were at the commencement of the winding-up a member of an unlimited company: Provided that—

- “(i) A past director or manager shall not be liable to make such further contribution if he has ceased to hold office for a year or upwards before the commencement of the winding-up:

- “(ii) A past director or manager shall not be liable to make such further contribution, in respect of any debt or liability of the company, contracted after he ceased to hold office:

“ (iii) Subject to the articles of the company, a director or manager shall not be liable to make such further contribution unless the court deems it necessary to require that contribution in order to satisfy the debts and liabilities of the company, and the costs, charges, and expenses of the winding-up.

“ (3) In the winding-up of a company limited by guarantee which has a share capital, every member of the company shall be liable, in addition to the amount undertaken to be contributed by him to the assets of the company in the event of its being wound up, to contribute to the extent of any sums unpaid on any shares held by him.

- “124. The term ‘contributory’ means every person liable to contribute to the assets of a company in the event of its being wound up, and in all proceedings for determining and, in all proceedings prior to the final determination of the persons who are to be deemed contributories, includes any person alleged to be a contributory.

“125. The liability of a contributory shall create a debt (in England and Ireland of the nature of a specialty) accruing due from him at the time when his liability commenced, but payable at the times when calls are made for enforcing the liability.

- “126. (1) If a contributory dies either before or after he has been placed on the list of contributories, his personal representatives and his heirs and devisees shall be liable in a due course of administration to contribute to the assets of the company in discharge of his liability, and shall be contributories accordingly.

“ (2) Where the personal representatives are placed on the list of contributories, the heirs or devisees need not be added, but, except in the case of heirs or devisees of any such real estate in England, they may be added as and when the court thinks fit.

- “ (3) If the personal representatives make default in paying any money ordered to be paid by them, proceedings may be taken for administering the personal and real estates of the deceased contributory, or either of them, and of compelling payment thereof of the money due.

“127. If a contributory becomes bankrupt, either before or after he has been placed on the list of contributories, then—

- “ (1) His trustee in bankruptcy shall represent him for all the purposes of the winding-up, and shall be a contributory accordingly, and may be called on to admit to proof against the estate of the bankrupt, or otherwise to allow to be paid out of his assets in due course of law, any money due from the bankrupt in respect of his liability to contribute to the assets of the company; and

“ (2) There may be proved against the

estate of the bankrupt the estimated value of his liability to future calls as well as calls already made.

“128. (1) The husband of a female contributory married before the date of the commencement of the Married Women's Property Act, 1882, or the Married Women's Property (Scotland) Act, 1881, as the case may be, shall, during the continuance of the marriage, be liable, as respects any liability attaching to any shares acquired by her before that date, to contribute to the assets of the company the same sum as she would have been liable to contribute if she had not married, and he shall be a contributory accordingly.

“ (2) Subject as aforesaid, nothing in this Act shall affect the provisions of the Married Women's Property Act, 1882, or the Married Women's Property (Scotland) Act, 1881.”

Roughly speaking, the whole matter works in practice as follows: Two lists of members are made out by the liquidator—the “A” list, consisting of those persons whose names are upon the register, and the “B” list, consisting of those who have ceased to be members within a year before the date of the winding-up. It is to the A members that the liquidator must first apply for the payment of so much of the remaining liability upon the shares as is necessary to meet the needs of the company. If payment is made by these members, no application need be made to contributories on the B list, even though the shares have been acquired by transfer within a year prior to the winding-up; but if any shareholder in the A list cannot pay what is owing, and he has acquired his shares by transfer within a year, the liquidator must apply to the transferor whose name will, of course, be upon the B list. The transferor must then pay, though he will be wholly relieved if the debts have been incurred since he ceased to be a member, and proportionately if the debts were incurred partly before and partly after he ceased his membership.

Take, for example, a person who has applied for and has been allotted 100 shares of £1 each, and suppose that 10s. only has been altogether paid up on each share. The shareholder, as a member of the company, is liable upon the unpaid calls for £50, i.e., 10s. on each of his 100 shares. He transfers his shares to X. Within a year the company is wound up, and the assets are so deficient that it is necessary to call up the whole of the amount owing upon the shares. The old shareholder will have his name placed upon the “B” list of contributories, and X will be upon the “A” list. The liquidator applies to X. If payment is made, all well and good; but if the amount is not paid, then application must be made to the old shareholder, either for the whole of the amount due on the shares, viz., £50, or for that part of it which has not been paid by X. The only defence of the old shareholder in an action for the £50 is that the debts of the company have been actually incurred since he ceased to be a member. If this is true as to the whole of the debts, he is relieved altogether. If only a portion, however, of the debts has been contracted since he transferred his shares, he is proportionately relieved to that extent. But if a whole year has elapsed since the transfer, the name of the old shareholder does not appear on the “B” list, and there is no claim against him; but it seems that a transfer which is not made *bond fide* may be questioned. (See WINDING-UP.)

CONVERSION.—This word has several meanings, though there are only two which require consideration in this work. In the first place, conversion is a doctrine of equity, of a very technical character, which considers, under certain circumstances, land or real estate to be changed into personal property, or *vice versa*. Thus, a testator or a settlor directs money to be laid out in the purchase of land, or directs land to be sold and converted into money. In such cases the courts will often consider that which is directed to be done as, having actually taken place, and will treat the land or the money, as the case may be, as though it was money or land. It is impossible to do more than state the doctrine in this bald fashion, as the application of the doctrine depends upon some very nice legal distinctions which can only be solved by an expert lawyer. In the second case, and this particularly touches upon mercantile matters, conversion signifies the act of dealing, without authority, with goods or chattels which are the property of another person. It has been defined as "An unauthorised act which deprives another of his property permanently, or for an indefinite time." The gist of the tort is the unauthorised assumption of the power and dominion of the true owner. For conversion there is always a right of action in tort, and the damages awarded by a jury will depend upon the special circumstances of the case.

CONVERSION OF SINGLE ENTRY TO DOUBLE

ENTRY.—In order to convert a Single Entry System of book-keeping to the perfect and generally recognised system of Double Entry, it is necessary to first obtain a correct basis for the inauguration of the latter system. This is done by the preparation of a statement of affairs, viz., a list of the liabilities and assets of the business as at a given date. The difference between them if the assets exceed the liabilities is capital, but if, on the other hand, the liabilities exceed the assets, the difference would represent a shortage of capital, and the business would then be termed insolvent. In the preparation of this statement, extreme care should be exercised so that all the items comprising the liabilities and the assets are included, together with the proportions of amounts which may have been paid in advance, and amounts accruing, but not yet due, such as rent, rates, interest, etc. The valuation of the fixed assets is an important matter, and consideration should be given to these in order that they are not put down at a figure which is above their value, but taking into account the fact that the business is a going concern. The amount of sundry debtors and sundry creditors would be prepared from the debtors ledger and the purchase ledger, or, if no personal accounts are kept for creditors, from information obtained from unpaid statements and invoices. When the statement of affairs has been prepared, it only remains for accounts to be opened in the books for the impersonal items comprised in the statement of affairs, and the basis of the system of Double Entry book-keeping is now ready for the principles of that system to be adopted in entering future transactions.

When books have been kept by Single Entry, and it is desired not only to convert into a system of Double Entry, but also to prepare full accounts for a past period, it is necessary to first prepare a statement of affairs as mentioned, as at the earlier date, from information derived from the existing books and other sources, and taking such statement as

the basis, raise all necessary impersonal accounts by analysis of the cash book and debtors ledger, together with analysis also of the purchase ledger or information derived from receipts, statements, invoices, etc. The result of this analysis gives the items for all the impersonal accounts, and they can then be written up in the books, and a trading and profit and loss account for the period and a balance sheet, dated as at the end of the period, prepared in the usual way.

CONVERTIBLE PAPER CURRENCY.—One that can be exchanged on demand for its full value in specie at the bank which issues it; for example, a Bank of England note.

The advantages of a paper currency when convertible at any moment are—

- (1) Paper can be more securely conveyed from place to place than coin or bullion, and the cost is less.
- (2) There is a saving in the wear and tear of coins.
- (3) As paper money is numbered or otherwise marked, it is more easily recovered, if lost or stolen, than coins.
- (4) The labour and the probable mistakes in counting are avoided.
- (5) There is a saving in the cost of coining.

CONVERTIBLE SECURITIES.—Securities* that are easily sold or converted into money. Such are Consols, exchequer bills, railway stock, etc.

CONVERTIBLE SHARES AND STOCK.—Shares and stock are said to be convertible when the holder of them has the right to exchange them for some other kind of shares or stock in the same company. Whether this right will ever be exercised depends upon the judgment of the holder. A higher rate of interest may tempt him, but as higher interest almost always means less security, an exchange is bound to be attended with risk. Thus, suppose a person holds preference shares in a company, and the interest paid upon them is fixed at 5 per cent. If the company is very successful, the ordinary shares may be paying a much greater interest. Suppose, now, the preference shares are convertible, the holder may desire to exchange them for ordinary shares. Of course, if the company continues to flourish, the exchange may be beneficial, but if, on the other hand, it declines in prosperity, the ordinary shares may eventually pay less than 5 per cent, and the holder will have lost the preferential advantage he possessed by his former holding.

CONVEYANCE.¹—In the Conveyancing Act of 1881 the word "conveyance" includes assignment, appointment, lease, settlement, and other assurance, and covenant to surrender, made by deed, on a sale, mortgage, demise, or settlement of any property, or on any other dealing with or for any property.

The word "conveyance" is, however, principally used to denote the deed by which freehold property is conveyed to a purchaser in fee simple.

The different estates are referred to as—

- To convey freehold property by a conveyance;
- To demise property by a lease;
- To assign leasehold property by an assignment;
- To surrender copyhold property and be admitted.

Stocks and shares are also spoken of as being conveyed or transferred.

[RECEIPT OF CONVEYANCE IN FEE TO A PURCHASER]

THIS INDENTURE made the 12th day of January 19.. BETWEEN
JAMES SMITH of the Warren Woodford in the county of Essex Retired
Stationer hereinafter called the vendor) of the one part and
WILLIAM GAY of Hurst Lodge Woodford aforesaid Auctioneer (herein-
after called the purchaser) of the other part WHEREAS the vendor
is well seised for an estate of inheritance in fee simple in
possession free from incumbrances of the hereditaments herein-
after described and expressed to be hereby conveyed AND WHEREAS
the vendor has agreed with the purchaser for the sale to him of
the same hereditaments for the sum of £800 NOW THIS INDE.
WITNESSETH that in pursuance of the said agreement and in con-
sideration of the sum of £800 by the purchaser paid to the vendor
on or before the execution of these presents (the receipt of
which sum the vendor hereby acknowledges) HE the said vendor as
BENEFICIAL OWNER doth hereby convey unto the said purchaser ALL
THAT piece or parcel of land situate in and fronting upon Wood-
Lane Woodford in the county of Essex having a frontage to the
said lane of 50 feet or thereabouts and a depth of 300 feet or
thereabouts TOGETHER with the messuage or dwellinghouse and out-
buildings erected thereon or on part thereof known as Ingle House
Which said piece or parcel of land messuage or dwellinghouse and
outbuildings are with the dimensions abutments and boundaries
thereof more particularly delineated in the plan drawn in the
margin of these presents and thereon coloured pink TO HOLD the
same unto and to the Use of the purchaser in fee simple AND the

vendor hereby acknowledges the right of the purchaser to production of the several documents specified in the schedule hereto and to delivery of copies thereof AND hereby undertakes for the safe custody thereof IN WITNESS whereof the parties to these presents have hereunto set their hands and seals the day and year first above written

Witness to the signatures of

James Smith and William Gay

JAMES SMITH (LS)

WILLIAM GAY (LS)

JOSEPH SIMPSON

Carlton Town

Essex

Surveyor

THE SCHEDULE above referred to.

- 18th June 1872. Conveyance made between Thomas Wood of the one part and Edgar Wray of the other part.
- 15th July 1873. Mortgage made between the said Edgar Wray of the one part and George Rowe of the other part.
- 17th May 1880. Transfer of Mortgage made between George Rowe of the one part and Mary Webb Widow of the other part.
- 24th April 1888. Conveyance made between the said Mary Webb of the first part, the said Edgar Wray of the second part, and the vendor of the third part.

The stamp duties, as provided in the Stamp Act, 1891, are as follows—

Conveyance or Transfer, whether on sale or otherwise—

	£	s.	d.
• (1) Of any stock of the Bank of England	0	7	9
• (2) Of any stock of the Government of Canada inscribed in books kept in the United Kingdom, or of any Colonial stock to which the Colonial Stock Act, 1877, applies—			

• For every £100, and also for any fractional part of £100, of the nominal amount of stock transferred	0	2	6
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And see Section 62, as follows—

"**Conveyances on any Occasion except Sale or Mortgage.** Every instrument, and every decree or order of any court or of any commissioners, whereby any property on any occasion, except a sale or mortgage, is transferred to or vested in any person, is to be charged with duty as a conveyance or transfer of property.

"Provided that a conveyance or transfer made for effectuating the appointment of a new trustee is not to be charged with any higher duty than ten shillings."

Conveyance or Transfer on sale, of any property (except such stock as aforesaid)—

	£	s.	d.
Where the amount or value of the consideration for the sale does not exceed £5	0	0	6
exceeds £5 and does not exceed £10	0	1	0
" £10	0	1	6
" £15	0	2	0
" £20	0	2	6
" £25	0	5	0
" £50	0	7	6
" £75	0	10	0
" £100	0	12	6
" £125	0	15	0
" £150	0	17	6
" £175	1	0	0
" £200	1	2	6
" £225	1	5	0
" £250	1	7	6
" £275	1	10	0
" £300			

For every £50, and also for any fractional part of £50, of such amount or value

(and see Sections 54, 55, 57, 58, and 61 of the Stamp Act, 1891, *Lelov*).

On and after April 29th, 1910, a conveyance or transfer on sale (other than of stock or marketable security) where the consideration exceeds £500—

• For every £50, and also for any fractional part of £50 of the consideration	0	10	0
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See Section 73 of the Finance (1909-10) Act, 1910, which is as follows—

"The stamp duties chargeable under the heading '**Conveyance or Transfer** on Sale of any Property' in the First Schedule to the Stamp Act, 1891 (in this Part of this Act referred to as the principal Act) shall be double those specified in

that Schedule: Provided that this Section shall not apply to the conveyance or transfer of any stock or marketable security as defined by Section 122 of that Act, or to a conveyance or transfer where the amount or value of the consideration for the sale does not exceed £500, and the instrument contains a statement certifying that the transaction thereby effected does not form part of a larger transaction or of a series of transactions in respect of which the amount or value, or the aggregate amount or value, of the consideration exceeds £500." (A "marketable security," as defined by Section 122 of the Stamp Act, 1891, means a security of such a description as to be capable of being sold in any stock market in the United Kingdom.)

Stamp Duty on Gifts *inter vivos* By the Finance (1909-10) Act, 1910, Section 74—

"(1) Any conveyance or transfer operating as a voluntary disposition *inter vivos* shall be chargeable with the like stamp duty as if it were a conveyance or transfer on sale, with the substitution in each case of the value of the property conveyed or transferred for the amount or value of the consideration for the sale:

"Provided that this Section shall not apply to a conveyance or transfer operating as a voluntary disposition of property to a body of persons incorporated by a special Act if that body is by its Act precluded from dividing any profit among its members and the property conveyed is to be held for the purposes of an open space or for the purposes of its preservation for the benefit of the nation."

No conveyance or transfer operating as a voluntary disposition *inter vivos* shall be deemed to be duly stamped, unless the Commissioners have expressed their opinion thereon in accordance with Section 12 of the Stamp Act, 1891. (See **ADJUDICATION STAMPS**.)

Sub-sections 4, 5, and 6 of Section 74, Finance 1909-10) Act, enact as follows—

"(4) Where any instrument is chargeable with duty both as a conveyance or transfer under this Section, and as a settlement under the heading '**Settlement**' in the First Schedule to the principal Act, the instrument shall be charged with duty as a conveyance or transfer under this Section, but not as a settlement under the principal Act.

"(5) Any conveyance or transfer (not being a disposition made in favour of a purchaser or incumbrancer or other person in good faith and for valuable consideration) shall, for the purposes of this Section, be deemed to be a conveyance or transfer operating as a voluntary disposition *inter vivos*, and (except where marriage is the consideration) the consideration for any conveyance to transfer shall not for this purpose be deemed or be valuable consideration where the Commissioners are of opinion that by reason of the inadequacy of the sum paid as consideration or other circumstances the conveyance or transfer confers a substantial benefit on the person to whom the property is conveyed or transferred.

"(6) A conveyance or transfer made for nominal consideration for the purpose of securing the repayment of an advance or loan or made for effectuating the appointment of a new trustee or the retirement of a trustee, whether the trust is expressed or implied, or under which no beneficial

interest passes in the property conveyed or transferred, or made to a beneficiary by a trustee or other person in a fiduciary capacity under any trust, whether expressed or implied, or a disentailing assurance not limiting any new estate other than an estate in fee simple in the person disentailing the property, shall not be charged with duty under this Section, and this sub-section shall have effect notwithstanding that the circumstances exempting the conveyance or transfer from charge under this Section are not set forth in the conveyance or transfer."

With regard to the stamp which is necessary upon conveyances since April, 1910, to denote that increment value duty has been paid, or that no duty was payable, see INCREMENT VALUE DUTY.

The following are the Sections of the Stamp Act, 1891, referred to above—

"*Meaning of 'Conveyance on Sale.'* 54. For the purposes of this Act the expression 'conveyance on sale' includes every instrument, and every decree of order of any court or of any commissioners, whereby any property, or any estate or interest in any property, upon the sale thereof is transferred to or vested in a purchaser, or any other person on his behalf or by his direction

"*How ad valorem Duty to be calculated in respect of Stock and Securities.* 55. (1) Where the consideration, or any part of the consideration, for a conveyance on sale consists of any stock or marketable security, the conveyance is to be charged with *ad valorem* duty in respect of the value of the stock or security.

"(2) Where the consideration, or any part of the consideration, for a conveyance on sale consists of any security not being a marketable security, the conveyance is to be charged with *ad valorem* duty in respect of the amount due on the day of the date thereof for principal and interest upon the security.

"*How Conveyance in Consideration of a Debt, etc., to be Charged.* 57. Where any property is conveyed to any person in consideration wholly or in part, of any debt due to him, or subject either certainly or contingently to the payment or transfer of any money or stock, whether being or constituting a charge or incumbrance upon the property or not, the debt, money, or stock is to be deemed the whole or part, as the case may be, of the consideration in respect whereof the conveyance is chargeable with *ad valorem* duty.

"*Direction as to Duty in Certain Cases.* 58. (3) Where there are several instruments of conveyance for completing the purchaser's title to property sold, the principal instrument of conveyance only is to be charged with *ad valorem* duty, and the other instruments are to be respectively charged with such other duty as they may be liable to, but the last-mentioned duty shall not exceed the *ad valorem* duty payable in respect of the principal instrument.

"(4) Where a person having contracted for the purchase of any property, but not having obtained a conveyance thereof, contracts to sell the same to any other person, and the property is in consequence conveyed immediately to the sub-purchaser, the conveyance is to be charged with *ad valorem* duty in respect of the consideration moving from the sub-purchaser.

"*Principal Instrument, How to be Ascertained.* 61. (1) In the cases hereinafter specified the

principal instrument is to be ascertained in the following manner—

"(a) Where any copyhold or customary estate is conveyed by a deed, no surrender being necessary, the deed is to be deemed the principal instrument:

"(b) In other cases of copyhold or customary estates, the surrender or grant, if made out of court, or the memorandum thereof, and the copy of court roll of the surrender or grant, if made in court, is to be deemed the principal instrument:

"(c) Where in Scotland there is a disposition or assignation executed by the seller, and any other instrument is executed for completing the title, the disposition or assignation is to be deemed the principal instrument.

"(2) In any other case the parties may determine for themselves which of several instruments is to be deemed the principal instrument, and may pay the *ad valorem* duty thereon accordingly."

Conveyance or Transfer by way of security of any property (except such stock as aforesaid), or of any security.

(See MORTGAGE, etc., and MARKETABLE SECURITY.)

Conveyance or Transfer of any kind not

£	s.	d.
herebefore described	..	..
(And see Section 62, Above)	0	10

By Section 6, Finance Act, 1898—

"The definition 'Conveyance on Sale' includes a decree or order for, or having the effect of an order for, foreclosure. Provided that (a) the *ad valorem* stamp duty upon any such decree or order shall not exceed the duty on a sum equal to the value of the property to which the decree or order relates, and where the decree or order states that value that statement shall be conclusive for the purpose of determining the amount of the duty; and (b) where *ad valorem* stamp duty is paid upon such decree or order, any conveyance following upon such decree or order shall be exempt from the *ad valorem* stamp duty."

By Section 10, Finance Act, 1900—

"A Conveyance on Sale made for any consideration in respect whereof it is chargeable with *ad valorem* duty, and in further consideration of a covenant by the purchaser to make, or of his having previously made, any substantial improvement of or addition to the property conveyed to him, or of any covenant relating to the subject matter of the conveyance, is not chargeable, and shall be deemed not to have been chargeable with any duty in respect of such further consideration."

Where property is conveyed, subject to a mortgage, duty is payable upon the amount of the mortgage and interest up to the date of the conveyance.

As to stamping instruments after execution, see Section 15 of the Stamp Act, 1891, under heading **STAMP DUTIES.**

CONVEYANCING.—This is the name which is given to that part of the law which deals with the transfer of property from one person to another, and with the preparation of the documents and deeds which have reference to the same. Stocks and shares are frequently spoken of as being conveyed or transferred; but, in reality, the practice of conveyancing is concerned with the sale and purchase of interests in land, mortgages, leases, settlements, wills, partnership, deeds, etc.

Before the passing of the Conveyancing Act, 1881, the formalities connected with conveyancing were of a very intricate and technical character, though much of its difficulty had been gradually removed during the fifty years preceding the passing of that Act. Formerly the work was in the hands of a special class of legal practitioners known as conveyancers. These have now almost disappeared, though a few barristers do still make a special study of the subject, and are employed in the drafting of important deeds. By statute the work of conveyancing is practically limited to barristers and solicitors, unless the work is done by any person gratuitously. By Section 44 of the Stamp Act, 1891, it is provided—

"Every person who (not being a barrister, or a duly certificated solicitor, law agent, writer to the signet, notary public, conveyancer, special pleader, or draftsman in equity), either directly or indirectly, for or in expectation of any fee, gain, or reward, draws or prepares any instrument relating to real or personal estate, or any proceeding in law or equity, shall incur a fine of fifty pounds.

"Provided as follows—

"(1) This section does not extend to—

"(a) Any public officer drawing or preparing instruments in the course of his duty; or

"(b) Any person employed merely to engross any instrument or proceeding.

"(2) The expression 'instrument' in this section does not include—

"(a) A will or other testamentary instrument; or

"(b) An agreement under hand only; or

"(c) A letter or power of attorney; or

"(d) A transfer of stock containing no trust or limitation thereof."

This section is for the protection of the public; because, although the great difficulties have been removed, there still remain some intricate points in certain kinds of conveyancing with which no one but an expert can deal, particularly when the title to property is in question. As a solicitor is liable to pay damages to his client if he is proved to have been negligent in conducting any work entrusted to him, no one would think of permitting any person other than a solicitor to undertake conveyancing work in his behalf.

The scale of payments to be made for conveyancing are fixed by general orders issued under the provisions of the Solicitors' Remuneration Act, 1881. These are, of course, subject to the terms of any special agreement as to charges made between the solicitor and his client. The duties which are charged upon the execution of conveyances are noted in the article STAMPS.

CO-OPERATION.—Co-operation, in a general sense, is present whenever division of labour enables one man to devote his time to the production of one thing or part of a thing, and to obtain from others what he himself needs. The Individualist emphasises as much as the Socialist the harmony of the interests of classes in the community; unconscious co-operation is his theory of life. In the narrower sense, Co-operation is a system of business, an economising by buying in common, or an increase of profits by selling in common. A co-operative society, whether for distribution or for production of goods, is a middle course between Individualism and Socialism. It differs from the

first in its elimination of competition among the members, harmony of interests is substituted for antagonism of interests, for the motto, "Each for himself" is substituted "Each for all." It differs from Socialism in that association for the common good is voluntary and not compulsory; it seeks to justify itself and to secure its adoption by results, not by promises. Co-operation may, and does, take many forms. That characteristic of England is distributive co-operation; of France, productive co-operation; of Germany, credit associations; of Denmark, agricultural co-operation; and of the United States, building societies. All these applications of the principle aim at dispensing with the need for some class or other of middlemen, who are supposed to take toll of goods in their passage from the producer to the consumer. Struck by the apparently needless and exorbitant profits made by the retailer, men like the Rochdale Pioneers of 1844 agreed to purchase supplies wholesale and see to the distribution themselves. Regarding the capitalist employer as one who appropriated of the produce of labour more than his due share, men have put together their small capitals, their energy and skill, and their ability in management, to form associations in which they would have for themselves the whole produce of labour. Similarly, the credit association gets rid of the moneylender; the building society of the house speculator; and agricultural associations for common purchase and common sale enable even the "small-holder" to make a living. Co-operation does not seek to abolish private property, but rather to make it more general by rendering it more accessible, by dividing it into small portions, and by giving facilities and incentives to save. By means of his bonuses, his "divi," the member of a co-operative society saves almost in spite of himself; he economises without privation. The greatest benefit of co-operation, however, is the education it provides for those who enter into the associations. The discussion and management of collective interests stimulate and invigorate minds, which can find little cultivation in the narrow sphere of individual interests. The need and efficacy of mutual aid become obvious; and a spirit of moderation and forbearance is generated, which contrasts greatly with the bitter, though smothered, ill-will that often exists between conflicting classes. In the productive associations those who labour with their hands learn to appreciate the ability shown in management; and when those employed also undertake the risks of the business, the need for supervision, for watching that men fulfil their engagement or verifying that they have fulfilled it, is greatly lessened. In one sense, indeed, co-operation may be regarded as an attempt to abolish the distinction between wages and profits: a business on co-operative lines is controlled not by the representatives of the investor, but by the members themselves, whether workers or consumers. The larger interests bring out higher ambitions and a steadiness and self-respect which are of the utmost advantage to the community.

The chief difficulty of co-operation lies in the question of management. Co-operators are unwilling to pay the market value for the services of the best managers, and may prefer to pay less and be served worse than is good for the concern. Moreover, it is doubtful whether the manager they appoint will be able to enforce the necessary discipline over those on whom his place depends.

The distributive associations in England possess advantages which have made them decided successes. From the first, they adopted a system of cash payments; they sold at retail prices so as to permit of bonuses in proportion to the value of purchases; they saved expenses of advertising, and were yet sure of a steady flow of business; there was the less likelihood of the sale of adulterated goods; and they have consistently encouraged social feelings and educative facilities among their members. Success in directions other than distribution has been less decisive; but an instance may be quoted from the report of the Small Holdings Commission:

"The best results can only be obtained by means of some organisation which will put the small producer into such a position as to enable him to obtain a fair return for his produce and satisfy his requirements as cheaply as possible.

"This can only be done by the formation of co-operative trading societies on a sufficiently large scale to enable them to command the services of thoroughly competent managers, and by affiliating the small societies to these large organisations.

"If each small holder attempts to deal as an isolated unit not only with the productive, but also with the distributive, side of his business, it is certain that he cannot hope to obtain the best market prices for his produce. . . .

"There seems no doubt that if all the large industrial distributive co-operative societies would undertake to organise the trade of the agricultural societies and to purchase their produce at fair market prices, they would be able to obtain the bulk of their supplies from home sources, and the producers could rely on far better prices than they now obtain from local dealers or hucksters."

COPAIBA.—Also called Copaiva. It is a balsam of a yellowish colour, consisting of a resin and a volatile oil. The odour is aromatic and pleasant, but the taste is bitter. It is obtained by exudation from various trees which are indigenous to tropical America. It is used in medicine in chronic bronchitis, to alleviate coughs, and in cases of internal inflammation. It acts as a stimulant and disinfectant.

COPAL.—A gum resin obtained from various tropical trees growing in the East Indies, Brazil, and Zanzibar. The best African variety is semi-fossil, being found imbedded in the ground. Copal is yellowish in colour and semi-transparent, somewhat resembling amber. When heated, it is soluble in alcohol, ether, oil of turpentine, and linseed oil. It is much used in the manufacture of lacquers and varnishes.

COPALCHI BARK.—The bark of a Central American shrub. It resembles cascarilla in its properties, and contains a bitter alkaloid, which is sometimes used as a substitute for quinine.

CO-PARTNERSHIP.—By co-partnership is meant any profit-sharing scheme in which the employees of a firm are not only entitled to a share in the profits made, but also to a voice in the management of the firm's affairs. It will thus be noticed that it is distinguished from simple profit-sharing, in that co-partnership gives employees a share in the management, whereas profit-sharing does not. Co-partnership is, therefore, much superior, as a system to a mere wage-earning method, for the interest of the employee in the business is more direct under co-partnership, and thus conduces to the maximum of efficiency. The co-partnership of labour with capital means that the worker receives

an addition to the standard wages of the trade and some share in the final profit of the business, the whole or a part of such share accumulating in the capital of the business employing him, thus putting him in the position of a shareholder.

An inquiry into profit-sharing and co-partnership was made by the Labour Department of the Board of Trade a few years ago, and some of the salient points given in the report may be noted. In the majority of the cases considered, the total amount allotted for distribution among the employees as bonus was a fixed proportion of the profits, the latter being the profits earned in the year preceding the distribution. In some cases, a part of the profits was carried forward in order to enable a bonus to be paid in an occasional bad year. The inquiry elicited the fact that, in many instances, participation in the profit-sharing was confined to the employees who possessed certain qualifications, the most frequent of which was a certain length of service with the firm. In several instances, conditions were attached to participation, by far the most frequent being the signing of a contract of service for a stated period. As a general rule, the shares owned by the employees of a firm in which a scheme of co-partnership is in operation give them the ordinary voting powers; and in many cases there exist joint committees composed of employers and employees for consultation on ordinary business affairs.

Great diversity exists between present-day co-partnership schemes. At one extreme is that of such undertakings as the boot manufacturers of Kettering, whose system almost resembles productive co-operation, differing only in the fact that they have capitalists on the board of directors who do not work in the factory. At the other end are cases, barely separated from profit-sharing, in which the operatives exercise but little control, the chief function of their representatives being to voice the grievances of the men.

Complete co-partnership involves—

1. The payment of the existing standard wages of labour
2. The payment of a fixed rate of interest on capital.
3. The division of the surplus profit between capital and labour in agreed proportions
4. The payment for part of the employee's labour by the allotment of shares in the capital.
5. A share in the control of the business by the representatives of the employees.

At the present day there are in existence a number of co-partnership productive societies which attempt to harmonise the interests of producer and consumer, with due regard also to the claims of the holders of capital. They are working-class organisations carried on with careful attention to the welfare of the workers, as well as to the production of honest goods at a fair price. Speaking broadly, the profits of the business are used, first, to pay a fixed rate of interest (5 per cent. in most cases) on share capital and to build up a reserve; secondly, to pay a dividend on purchases to the consumer; and, thirdly, to pay a dividend on wages to the workers. Educational and provident funds are formed to aid the welfare of the workmen. The workers, in most cases, receive their profits capitalised in shares; they occupy seats on the committee of management, and in some cases constitute the whole committee.

The following is a typical instance of the way in which such a workman's productive society distributes its half-yearly profits—

A Printing Society.

• Interest on Shares at 5% per annum . . .	233
• Dividend on Shares at 1½% per annum . . .	58
• Employees' Dividend at 1s. 6d. in £ . . .	121
• Customers' Dividend at 6d. in £ . . .	112
• Educational Fund . . .	10
• Reserve Fund . . .	50
• Balance carried forward . . .	400
• Total . . .	£984

The distribution of the final profit shows that, after the worker has had his standard wages and the capitalist his standard interest on shares, the capitalist gets 30 per cent. of the remaining profit, labour gets 40 per cent., and the consumer gets 30 per cent.

The same principle of co-partnership has also been applied to businesses of capitalist origin, through the adoption, by the capital holders, of the practice of sharing the profit of the business with the workers in it. The proportion of profit allotted to labour must be settled definitely for true profit-sharing; but if there is any objection to the details being made public, these can be kept secret. Co-partnership demands that the share of profit coming to the worker must be capitalised, in order that the latter may become a part-owner of the business in which he is employed.

With regard to the question of the control of the affairs of profit-sharing businesses, the workers have not as yet much voice in management in the majority of cases. However, since the publication of the Whitley Report (*q.v.*), which recommended national and district joint standing industrial councils in each trade, and joint committees of management and workers in every workshop—the movement towards a sharing of internal control between management and labour has gained considerable strength.

Below are given the regulations of a simple scheme recently started by a firm of cloth manufacturers—

Division of Profits

1. The profits of the firm will be distributed as follows—

(a) Interest at the rate of 6 per cent. per annum will be paid on the Proprietors' Capital and Employees' Loan Capital for the period during which such capital has been invested in the firm.

(b) Remainder of the divisible profit will be used to provide:

(1) Additional Interest on Proprietors' and Employees' Loan Capital.

(2) Bonus on wages.

[The basis of this division will be as follows: The total capital for the year, and the total wages and salaries for the year, will be added together, and the profit divided between them *pro rata*.]

2. Interest on the Employees' Loan Capital will be payable in cash.

3. Bonus on wages will not be payable in cash, but will be credited to the employees' individual Loan Capital Accounts. The Proprietors shall, however, have the option of paying any part or all the

bonus in cash at any time, if additional capital is not required in the business.

4. No employee shall be entitled to any bonus on wages unless such employee is still in the employ of the firm at the end of the financial year of the firm, and has been continuously in the employ of the firm for at least six months immediately preceding the end of such financial year.

Any bonus due on wages paid to employees who have not been in the employ of the firm during the period necessary for them to become entitled to participate in the bonus will be credited to a special Employees' Benefit Fund. This fund will be administered to provide help in needy cases, and for the general benefit of employees, and will be confined entirely to the welfare of employees of the firm only.

5. Before arriving at the amount of divisible profits, the Proprietors may make such reserves as may be recommended by the firm's accountants.

6. The amount of divisible profits as certified by the firm's accountants to be conclusive without further evidence.

Employees' Loan Capital.

7. To consist of—

(a) Accumulating bonus on wages.

(b) Cash which may be brought in by any employee from time to time at the discretion of the Proprietors.

Withdrawal of Capital.

8. Any employee, either whilst an employee or when leaving the employ, may withdraw any part or the whole of any Loan Capital contributed in cash (as distinguished from bonus on wages), on giving three months' notice in writing, such notice to be given on the first day of January, the first day of April, the first day of July, and the first day of October in any year.

9. An employee, whilst an employee of the firm, cannot withdraw any part of his or her Loan Capital accumulated by bonus on wages as distinguished from actual cash contributed. Provided that an employee whose total Loan Capital (as accumulated by bonus on wages) exceeds the sum of the full wages of one year may be allowed to withdraw such excess.

10. When an employee leaves the employ of the firm before the end of the financial year of the firm, the Proprietors may at their discretion either—

(a) Repay the whole or any part of the Loan Capital (as accumulated by bonus on wages) standing to the credit of the employee immediately, without notice.

(b) Withhold repayment of the whole or any part of the Loan Capital (as accumulated by bonus on wages) standing to the credit of the employee for a period of six months.

11. Where an employee (whilst employed by the firm or on leaving the employ of the firm), before the end of the financial year, withdraws the whole or any part of the Loan Capital standing to the credit of such employee, interest will be paid at 4 per cent. per annum for the period during which the Loan Capital has been invested in the firm, since the commencement of the current financial year, or such employee shall have the option of receiving at the end of the current financial year interest at the same rate as is paid on the remainder of the capital.

General.

12. None of the regulations of this scheme shall be construed in such a manner as to make any employee of the firm a partner of the firm within the meaning of the terms of the Partnership Act, 1890, or the Limited Partnerships Act, 1907, or to be entitled to any of the rights of any such partner.

13. The Proprietors shall have the right to cancel this scheme in its entirety, at the end of any financial year of the firm, on the payment by the Proprietors of all Loan Capital due to the employees, together with accumulated interest and bonuses.

14. The Proprietors shall have the right to sell or otherwise dispose of the business to a Company formed and registered under the Companies Acts, 1890 to 1917, or any other similar Acts and to issue shares in such Company in payment of the Employees' Loan Capital. Such shares to be subject to such rights and restrictions as are laid down in these regulations, so far as they are consistent with the terms of the Acts under which the Company is registered. Provided that any employee who has contributed Loan Capital in cash shall have the option of receiving repayment of such Loan Capital either in cash or in Shares.

15. If any doubt or dispute should arise as to the meaning of any of the regulations of this scheme, the Proprietors shall have the sole right of deciding the matter in doubt or dispute.

16. A Committee representative of every department of the firm will be formed to take into consideration and advise upon any question that may arise from time to time affecting this scheme and the general welfare of the employees.

17. All books and papers issued to employees in regard to the scheme are the property of the Proprietors, to be given up by employees on leaving the employ of the firm, and must also be submitted for examination at any time.

[It is necessary for the beneficial working of the scheme, and especially during its inauguration, that there should be a spirit of co-operation and willingness on the part of employees, and that they and their committee should give all the assistance in their power to the Proprietors in regard to any difficulties and questions which may arise.]

Other aspects of the question are discussed in the article on PROFIT-SHARING SCHEMES (*q.v.*)

COPPER.—Probably the earliest metal used in manufacture. It is found native in the neighbourhood of Lake Superior. Its principal ores are copper pyrites, copper glance, and malachite, which are widely distributed, the chief supplies for British consumption coming from Cornwall and Devonshire, Spain, Portugal, and Australia. Swansea is the greatest centre of the smelting process. There are also large deposits of copper in the United States, where the working of this metal is now an important industry. Copper is reddish in colour, but becomes green on exposure to the air. It is malleable, ductile, and tenacious, and is one of the best known conductors of heat and electricity. Its specific gravity is 8.9. The uses of copper are numerous. It is employed for engravings and etchings, for copying by electrotpe, for electric conductors (as already mentioned), and for kitchen utensils, etc. Its alloys are also of enormous importance to manufacturers, the best known being bell-metal, brass, bronze, gun metal, and speculum metal. Sulphate of copper is a blue crystalline solid, known as blue-stone or blue vitriol. It is used in calico-printing, in electrotyping, in the manufacture

of various pigments, and in agriculture as a weed destroyer. Powdered acetate of copper is known as verdigris, and is much used as a pigment.

COPPERAS.—A name formerly given to sulphate of iron or green vitriol. Copperas is used in dyeing black and in the preparation of ink.

COPPER COINS.—Coins made of real copper were first issued in 1672, and they continued to be the kind of issue until they were replaced by bronze in 1860. In spite of the change in the metal, bronze coins are still commonly spoken of as "coppers." Bronze is a mixed metal, composed of 95 parts of copper, 4 of tin, and 1 of zinc. Copper coins are legal tender to the amount of twelve pence only. The figure of Britannia upon the coins is said to have been modelled from Frances Stuart, the beauty, who afterwards became Duchess of Richmond.

COPRA.—The dried kernels of the cocoanut (*q.v.*) from which cocoanut oil is obtained. The chief supplies come from the South Pacific Islands, and are exported from Ceylon. Vast quantities of this material are imported into this country and into other European States for the manufacture of margarine, of which it forms the principal component. Copra plantations are numerous and rapidly extending, principally in the Dutch East Indies, the Straits Settlements, Borneo, and in many parts of equatorial Africa and South America.

COPROLITES.—The fossilised excrement of certain extinct animals, chiefly marine reptiles. They are found in various strata, and, owing to the presence of phosphate of lime, are valuable in the preparation of artificial manures. They have been obtained from Hanover and from Pennsylvania.

COPYHOLD.—This is the name of an estate or a right of holding land for which the holder, who is called the copyholder, can show no other title than the entry in the rolls of the manorial court made by the steward of the manor.

This tenure is of great antiquity. The copyholders were originally nothing more than villeins who were permitted by their lords to hold plots of land, in return for which they were compelled to perform certain services for the lords. The land belonged absolutely to the lords, who could remove the villeins from their holdings at will, but so long as the services were duly rendered, the tenants were no doubt permitted to remain upon the land in peace. When one died, his holding would be taken by his successors, and so from generation to generation the land would pass from one to another.

In early times the name of the tenant was written upon the rolls of the manor, along with a note of the services he had to render or the amount he had to pay. The parchment "roll" is now replaced by a book, but the tenant of a copyhold is still said to be enrolled or entered upon the rolls of the manor. A copy of the entry on the rolls was given to the tenant as evidence of his enrolment, whence he was called a copyholder; that is, a holder of the land by copy of the entry.

In connection with the transfer of copyholds, there is usually a covenant to surrender, that is, a deed in which the vendor covenants to surrender the land to the lord of the manor to the use of the purchaser. The actual transfer is effected by surrender and admittance. By the surrender an equitable interest only is vested in the surrenderee and admittance is required to perfect his title. A surrender may be made either in court or out of court. If made in court, it is entered on the rolls and a copy of the surrender is given to the purchaser.

If the surrender is made out of court, a memorandum in writing of it is prepared and signed by the parties and the steward, and it is then entered upon the rolls.

The mode of surrender is for the person on the rolls, either himself or by duly appointed attorney, to attend before the steward and surrender, either directly or pursuant to a covenant to surrender, the copyhold tenement to the lord to the use of the purchaser, and the steward then makes out the surrender, which is a copy of the entry on the court rolls, and has it stamped. The purchaser may attend at the same time and take admittance, or he may attend at some subsequent court or out of court to take admittance. In the former case, the surrender and admittance usually appear on the copy of the court rolls delivered by the steward to the purchaser. In the latter case there are two copies of the court rolls, namely, a surrender and an admittance. The surrender is the instrument required to be stamped, but the admittance does not require a stamp. Sometimes, in practice, where there is a covenant to surrender in a deed which deals with both freehold and copyhold property, such deed is impressed with the usual *ad valorem* stamp on the full purchase money, and in that case the surrender bears only a ten shilling stamp, otherwise it must be stamped according to the purchase price of the copyholds.

In the case of a devisee under a will or in an intestacy, there is no surrender, and the admittances merely set out that A. B. has been admitted a devisee or copyhold heir-at-law of the deceased tenant on the rolls.

On a copy surrender and admittance, the steward certifies that the original surrender is duly stamped. The certificate is some such form as—

I certify that the surrender under which this admittance is granted bears the proper ad valorem stamp of

As the customs of manors vary so very much, a person who deals with copyholds should always ascertain from the steward of any particular manor what deeds and documents are necessary. Even manors that are quite close together may have different customs in the transfer of the property.

Where a vendor and purchaser personally attend the manor court to surrender and take admittance, there may not be any deed of covenant to surrender. There must, however, except in cases of a devise or bequest, always be a surrender, and the title cannot be complete till admittance has taken place. A person who has ceased to hold any interest in the manor may remain tenant on the rolls, and though a covenant to surrender is executed it may not be acted upon for some time afterwards, for so long as there is a living tenant on the court rolls the lord cannot (even though he knows such tenant has ceased to have any interest) compel anyone else to come in and be admitted. In the case of the death of such a tenant, his heir-at-law or devisee must be admitted before a purchaser can, and very often, instead of paying fines and fees, the actual owner has more to pay.

If a covenant to surrender and a copy admittance of the copyholder, along with the prior deeds, are lodged as security under a memorandum of deposit, it is said that the banker has a reliable security; but it would appear that the only really satisfactory way to obtain a security over copyhold property is by mortgage, and surrender to the lord to the use of the mortgagee. This surrender is entered on the

court rolls as being subject to a condition that, on payment of the mortgage debt, the surrender will become void. Such a surrender is called a conditional surrender.

It is not usual for a mortgagee to seek admittance. This course is adopted in order to avoid payment of the fines and fees which would be payable upon his admittance, and would again be payable upon the re-admittance of the mortgagor upon payment of the debt. A mortgagee can at any time perfect his title by obtaining admittance as from the date of the surrender, which safeguards him from the danger of any subsequent mortgagee obtaining admittance in front of him. When the mortgage debt is repaid, a memorandum of satisfaction is entered upon the court rolls, the mortgagee executes a deed of release and the mortgagor thereupon occupies the position he did before the conditional surrender was made.

If a mortgagee does not get his covenant to surrender completed by a conditional surrender entered upon the rolls, his charge may be postponed to a subsequent mortgagee who does obtain such a conditional surrender upon the rolls.

A simple deposit of the copies of the court roll creates an equitable mortgage, but there is the risk, as above stated, of a mortgagee obtaining a conditional surrender on the rolls; and it is quite possible, in certain cases, for the copyholder to dispose of the property without the copyholder's admittance, which may be in another person's hands, being required at all.

In the case of joint tenants, the admission of one is equal to the admission of all of them, but tenants in common must be admitted severally, and a fine will be due from each of them.

Fines are usually payable by a tenant upon admittance. The amounts of the fines vary; in some cases they are small, though in other cases they are large. Some of them are fixed and others arbitrary. An arbitrary fine generally amounts to two years' improved value of the copyhold tenement. They may also be payable upon the death of the lord or the death of the tenant, or upon both events.

Where copyhold land is freed from all customary duties it is said to be enfranchised. (See ENFRANCHISEMENT)

Where equitable copyholds are found, the property is transferable by conveyance, subject to the ground landlord's claims, i.e. the ground rent with right of recovering the same. The legal estate vests in the ground landlord or his trustee, and his name will appear on the court roll. Equitable copyholds are considered to be as good as freeholds.

By the Stamp Act, 1891, the duty is as follows—

Copyhold and Customary Estates—

- Instruments relating thereto. Upon a sale thereof (see CONVEYANCE).
- Upon a mortgage thereof (see MORTGAGE).
- Upon a demise thereof (see LEASEHOLD).
- Upon any other occasion.
- Surrender or grant made out of court, or the memorandum thereof, and copy of court roll of any surrender or grant made in court . . . £ s. d.
0 10 0

If the copyhold deeds are deposited with a memorandum of deposit under hand, the duty on the memorandum is the same as in the case of other deeds (see EQUITABLE MORTGAGE, TITLE DEEDS).

In Ireland there is no copyhold land, and the creation of copyhold tenure has been impossible in England since the reigns of Edward I. Under certain conditions copyhold land may be enfranchised, and the holding turned into freehold, with all the incidents and customs of the manor destroyed.

When a copyholder becomes bankrupt his trustee may either disclaim the land, or deal with it as if it had been surrendered, and convey it to any person he may appoint, who is to be admitted or otherwise invested without any intervening admission on the part of the trustee himself.

COPYING.—The most common, although by no means the best, method of copying letters, invoices, etc., is that of the press copy book. If the letters, etc., are carefully copied, the results by this method are generally legible enough, but it is being rapidly superseded by the rotary copier, which copies without smearing or disfiguring the correspondence. To copy a letter written in copying ink into the press copy book, the sheet is stamped by a brush kept for the purpose, and the superfluous moisture is absorbed by a drying sheet. Over the drying sheet is placed an oil sheet to prevent the moisture penetrating to and spoiling the pages of the letter book on which letters have already been copied. The book is gently squeezed in the copying press, and then the dryer is removed and the letter placed face downwards on the damp page (facing the front of the book), and another oil sheet placed behind it. It is then squeezed tightly in the press for a moment or two. Typewritten letters are copied in much the same manner, except that damp sheets made of rubber or linen (velveteen is an excellent substitute) are used instead of a brush. The method is as follows: Lay an oil sheet under the page to be copied upon, and on the oil sheet the letter or other document to be copied; then place over the tissue page a damp sheet and an oil sheet over all. A dozen letters may be copied at the same time, each page, of course, being separated by an oil sheet, and each tissue having over it a damp sheet. By the rotary copier the letters are copied on a continuous sheet of paper which runs through the machine. The letters to be copied are fed between the rollers, and may be copied rapidly and with ease; each copy is afterwards cut off the roll with a pair of scissors, unless the machine has a knife which cuts the roll as each letter is copied (See DUPLICATING.)

COPY, STAMPED ON.—The following are the stamp duties imposed by the Stamp Act, 1891, as to copies—

Copy or Extract (attested or in any manner authenticated) of or from—

- (1) An instrument chargeable with any duty.
- (2) An original will, testament, or codicil.
- (3) The probate or probate copy of a will or codicil.
- (4) Any letters of administration or any confirmation of a testament.
- (5) Any public register (except any register of births, baptisms, marriages, deaths, or burials).
- (6) The books, rolls, or records of any court.

In the case of an instrument chargeable with duty not amounting to 1s. the same duty as such instrument.

In any other case 0 1 0

Exemptions. (1) Copy or extract of or from any law proceeding.

(2) Copy or extract in Scotland or from the commission of any sheriff as a delegate or representative to the convention of royal burghs, or the general assembly or any presbytery or church court.

And see Section 63, as follows—

"An attested or otherwise authenticated copy or extract of or from—"

- "(1) An instrument chargeable with any duty.
 - "(2) An original will, testament, or codicil.
 - "(3) The probate or probate copy of a will or codicil.
 - "(4) Letters of administration or a confirmation of a testament;
- may be stamped at any time within fourteen days after the date of the attestation or authentication on payment of the duty only."

Copy or Extract (certified) of or from any register of births, baptisms, marriages, deaths, or burials 0 0 1

Exemptions. (1) Copy or extract furnished by any clergyman, registrar, or other official person pursuant to and for the purposes of any Act, or furnished to any general or superintending registrar under any general regulation.

(2) Copy or extract for which the person giving the same is not entitled to any fee or reward.

And see Section 64, as follows—

"The duty upon a certified copy or extract of or from any register of births, baptisms, marriages, deaths, or burials is to be paid by the person requiring the copy or extract, and may be denoted by an adhesive stamp, which is to be cancelled by the person by whom the copy or extract is signed before he delivers the same out of his hands, custody, or power."

(See ATTESTED COPY, OFFICE COPY.)

COPYRIGHT.—By copyright is meant the sole right to produce or reproduce any original literary, dramatic, musical, or artistic work, or any substantial part thereof, in any material form whatsoever, and in any language, which is conferred by statute upon the author of the work and his assigns. The substantive law on the subject is now contained in the Copyright Act, 1911.

Copyright is not necessarily dependent on publication, and includes the right to perform, or in case of a lecture, speech, or sermon, to deliver the work, or any substantial part thereof, in public; if the work is unpublished, to publish the work; and also includes the sole right, in the case of a dramatic work, to convert it into a novel or other non-dramatic work; in the case of a novel or other non-dramatic work, or of an artistic work, to convert it into a dramatic work, by way of performance in public or otherwise; and in the case of a literary, dramatic, or musical work, to make any record, perforated roll, cinematograph film, or other contrivance by means of which the work may be mechanically performed or delivered; and to authorise any such acts as aforesaid.

Publication, in relation to any work, means the issue of copies of the work to the public, and does not include the performance in public of a dramatic

or musical work, the delivery in public of a lecture, speech, or sermon, the exhibition in public of an artistic work, or the construction of an architectural work of art. The issue, however, of photographs and engravings of works of sculpture and architectural works of art is not deemed to be publication of such works.

Copyright extends throughout the United Kingdom, and, subject to some qualifications, to all British possessions wherein the Copyright Act, 1911, has been adopted by the local legislature or has been declared to be operative by Order in Council. It is essential in order that copyright should attach, that the subject-matter, if a published work, was first published within such part of His Majesty's dominions as is subject to the law of copyright; or, in the case of an unpublished work, that the author was at the date of the making of the work a British subject, or resident within such part of the King's dominions.

Ownership of Copyright. In most cases the author of a work, and as regards a photograph, the owner of the original negative, is regarded as the first owner of the copyright therein; but where the plate or original of an engraving, photograph, or portrait, was ordered by some other person, and was made for valuable consideration (see CONSIDERATION) in pursuance of that order, the person who gave such order will be the first owner of the copyright, in the absence of any agreement to the contrary; and where the author of a work was in the employment of some other person under a contract of service or apprenticeship, and the work was made in the course of his employment by that person, the person by whom the author was employed will, in the absence of any agreement to the contrary, be the first owner of the copyright. The owner of the copyright in any work may transfer the right, either wholly or partially, and generally or subject to limitations to any person, in any country, and either for the whole term of the right or for any part thereof, and may assign the right or for any part thereof, and may interest in the right by licence, but no licence or grant will be valid unless it is signed by the owner of the right in which the assignment or grant is made, or by an authorised agent.

Duration of Copyright. Generally speaking, copyright lasts for the life of the author and a period of forty-two years after his death; in photographs for the term of the negative; but in the case of a work in which copyright has been assigned, the passing of the Copyright Act, 1911, from the death of the author of a work, copyright in the work is not infringed by the reproduction of the work if the person so reproducing proves that he has given notice in writing of his intention to reproduce the work, and that he has paid to the owner of the benefit of, the owner of the copyright, royalties in respect of all copies of the work sold by him, calculated at the rate of 10 per cent. on the price at which he publishes the work.

If at any time after the death of the author of a literary, dramatic, or musical work which has been published or performed in public, a complaint is made to the Judicial Committee of the Privy Council that the owner of the copyright in the work has refused to republish, or to allow the republication of the work, or the performance in public of the work, and that by reason of such

refusal the work is withheld from the public, the owner of the copyright may be ordered to grant a licence to reproduce the work, or perform the work in public, on such terms and subject to such conditions as the Judicial Committee think fit.

Infringement of Copyright. Copyright is infringed by any person who, without the consent of the owner of the copyright, does anything the sole right to do which is vested in such owner. The importation from abroad of copies, which, if made in this country, would infringe copyright, may be prohibited. Copyright is also deemed to be infringed by any person who knowingly deals in, or distributes, or by way of trade exhibits in public, a work which infringes copyright, or who for his private profit permits a theatre or other place of entertainment to be used for the performance in public of the work without the consent of the owner of the copyright, unless he was not aware, and had no reasonable ground for suspecting, that the performance would be an infringement of copyright.

The above short statement as to what is infringement must be read with some qualification, for it is expressly declared that the following acts shall not constitute an infringement of copyright—

(1) Any fair dealing with any work for the purposes of private study, research, criticism, review, or newspaper summary.

(2) Where the author of an artistic work is not the owner of the copyright therein, the use by the author of any mould, cast, sketch, plan, model, or study made by him for the purpose of the work, provided that he does not thereby repeat or imitate the main design of that work.

(3) The making or publishing of paintings, drawings, engravings, or photographs of a work of sculpture or artistic craftsmanship, if permanently situate in a public place or building, or the making or publishing of paintings, drawings, engravings, or photographs (which are not in the nature of architectural drawings or plans) of any architectural work of art, or the making or publishing of photographs of paintings, drawings, or engravings, the copyright in which is not private property and which are situate in a public place or building, maintained wholly or in part by public funds.

(4) The publication in a collection, mainly composed of non-copyright matter, *bona fide* intended for the use of schools, and so described in the title and in any advertisements issued by the publisher, of short passages from published literary works in which copyright subsists, other than school books: Provided that not more than two of such passages from works by the same author are published by the same publisher within five years, and that the source of such passages is acknowledged.

(5) The publication in a newspaper of a report, other than a fair summary, of a lecture delivered in public, unless the report is prohibited by conspicuous written or printed notice affixed before and maintained during the lecture at or about the main entrance of the building in which the lecture is given, and (except whilst the building is being used for public worship), in a position near the lecturer.

(6) The reading or recitation in public by one person of any reasonable extract from any published work.

(7) The publication in a newspaper of a report of a political address delivered at a public meeting.

A person whose copyright is infringed has a choice of remedies: He may bring an action claiming an injunction (*q.v.*), damages (*q.v.*), and delivery to him

all the offending copies and plates. An action in respect of infringement of copyright must be begun within three years after the infringement. Further, offenders may be prosecuted summarily, and is liable on conviction to varying penalties.

The Musical (Summary Proceedings) Copyright Act, 1902, and the Musical Copyright Act, 1906, both dealt with the open sale of copyright music, and have been incorporated in the Act of 1911.

As to artistic copyright, penalties may be recovered from any person who is guilty of fraudulently signing or affixing any name, initials, or monogram on any painting, drawing, or photograph, or knowingly selling, publishing, or exhibiting any such work bearing a false name, initials, or monogram, or of uttering a copy or colourable imitation of any such work, as having been made by the author of the work from which it was copied, or who makes or sells, during the lifetime of the author and without his consent, copies of any such work, with any alteration made therein by some person other than the author, after the latter has died, or parted with the possession of such work. Proceedings in respect of the first three offences do not lie after the artist has been dead for twenty years.

Subject-matter of Copyright. It may be desirable in order to show more clearly what original productions are the subject-matter of copyright, to give a more detailed explanation of the expression "Literary, dramatic, musical, and artistic work." A literary work includes any book, newspaper, magazine, periodical work, map, chart, plan and table, lecture, address, speech, and sermon. A dramatic work includes any tragedy, comedy, play, opera, or farce, piece for recitation, choreographic work or entertainment in dumb show, the scenic arrangement or acting form of which is fixed in writing or otherwise, and any cinematograph production, or production by any process analogous to cinematography, where the arrangement or acting form, or the combination of incidents represented give the work its original character.

An artistic work includes works of painting, drawing, sculpture, including casts and models, and artistic craftsmanship; any building, or structure having an artistic character or design, or any model therefor, so far as such character or design is concerned, but not including any process or method of construction; engraving, etching, lithograph, woodcut, print, and photographs; and any work produced by any process analogous to photography. By virtue of the Copyright Act, 1911, the protection of copyright is conferred, subject to special conditions, for which the Act should be consulted, upon records, perforated rolls and other contrivances by means of which sounds may be mechanically reproduced; and it is provided that it will not be an infringement of copyright in any musical work to make such records, etc., on complying with the stipulations laid down as to paying royalties to the owner of the copyright.

Under section 15 of the Act of 1911, the publisher of every book published in the United Kingdom must within one month after the publication

send a copy to the British Museum, and is required to do so within a year after the publication. He must also send copies to the Bodleian Library, Oxford; the University Library, Cambridge; the Library of the Faculty of Advocates at Edinburgh; the Library of Trinity College, Dublin; and to some possible exceptions, the National Library of Wales. The penalty for non-observance of this requirement is a fine not exceeding £5 and the value of the book. In this connection the expression

"book" includes every part or division of a book, pamphlet, sheet of letterpress, sheet of music, map, chart, and table separately published, but does not include any second or subsequent edition of a book, unless such edition contains additions or alterations either in the letterpress or in the maps, prints, or other engravings belonging thereto. In the case of an encyclopaedia, newspaper, review, magazine, or work published in a series of books or parts, it is not necessary to make a separate claim for each number or part, but a single claim for the whole work will suffice. Owing to the increasing number of documents which technically fall in the category of "books," an Act was passed in 1915—the Copyright (British Museum) Act—by which the necessity of delivering copies of all books to the British Museum, under any regulations of the Board of Trade to that effect, was curtailed. Such a regulation was issued in August, 1915, and the following trade documents are no longer deliverable to the British Museum, namely, advertisements, cards, catalogues, circulars, coupons, designs, forms, labels, leaflets, plans, posters, price lists, prospectuses, show-cards and wrappers.

Former Law. The modern law of copyright under the Act of 1911, is a great advance upon the old law, which was governed almost entirely by the Copyright Act, 1842. Under the Act of 1842 the duration of copyright in a book, a term of very wide significance, if published during the lifetime of its author, was for the life of the author and seven years after his death, or for forty-two years from the first publication, if the seven years soon expired. If the book was published after the death of the author, the duration of the copyright was forty-two years from its first publication. In the case of articles or essays in reviews or magazines the copyright was generally vested in the publisher for a period of twenty-eight years, after which it reverted to the author for the remainder of his period during which the copyright last duration of copyright in paintings, drawings, and photographs was for the life of the author, and seven years after his death; in prints, twenty-eight years from the date of publication; in sculpture, fourteen years from the date of putting forth or publishing; with a further fourteen years if the author was still alive.

DESIGNS AND INTERNATIONAL COPYRIGHT.

The cases on the law of copyright since 1911 have not been very numerous, nor have they established any particular principles. In almost every instance it would appear that an effort had been made by the defendants to stretch the law to the utmost limit.

